National Bank of Romania

Financial Stability Report

June 2026

Year XI (XXI), No. 20 (30)
New series

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NOTES

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OVERVIEW

Risks to financial stability are further elevated, similar to the assessments in the previous *Report*, amid persistent imbalances and vulnerabilities both domestically and globally. Mounting geopolitical conflicts, rising geo-economic fragmentation or uncertainties about energy price movements continue to pose risks to the economic outlook and financial market stability.

Figure 1. Main risks to financial stability in Romania

Global uncertainty amid multiple geopolitical events

- the Middle East conflict and bottlenecks in the Strait of Hormuz give rise to supply-side shocks, with effects on the global economy and inflation
- high public debt and large fiscal deficits amplify sovereign risk and contain the space for support measures
- still high capital market valuations maintain the risk of new abrupt asset price corrections
- global economic activity remained resilient prior to the escalation of the Middle East conflict, yet the outlook clouded subsequently

Worsening of domestic macroeconomic equilibria

- economic growth was further subdued in 2025, falling short of start-of-year expectations and decelerating slightly versus the previous year
- even though recent developments point to a narrowing of the budget deficit as a result of fiscal consolidation, the adjustment proceeds from particularly high initial levels
- risks related to EU funds absorption, particularly those from the NRRP, continue to be significant

Default risk for loans to the private sector

- firms' financial situation has deteriorated but stays outside the risk area
- households' vulnerabilities remain low
- the quality of bank loans to households has improved, while the worsening trend has continued for non-financial corporations

Challenges to cybersecurity and financial innovation

- interactions between cyber, technological and geopolitical risks increase the complexity of the overall risk profile of the financial sector
- the implementation of DORA helps strengthen the digital operational resilience of the financial sector

severe systemic risk, high systemic risk, moderate systemic risk, low systemic risk

Note: The colour of arrows shows risk intensity. Their direction indicates the outlook for risk in the period ahead.

Key economic developments

While the global economy and the international financial system have remained relatively resilient so far and financial asset price corrections have occurred in a relatively orderly manner, an extension or intensification of the Middle East conflict could heighten tensions in energy markets and would further tighten financial conditions.

Risks to financial stability stemming from domestic macroeconomic equilibria are still significant.

The Romanian banking sector maintains its resilience, despite the uncertainties surrounding the developments in the macroeconomic and geopolitical framework.

Against this background, the Romanian banking sector remains resilient, benefiting from adequate capitalisation and liquidity and prudent risk management policies, but the partial materialisation of the aforementioned vulnerabilities may sap this sound basis in the short to medium term.

From a cyclical perspective, two severe systemic risks and two moderate systemic risks have been identified. The severe risks concern: (i) global uncertainties amid multiple geopolitical events and (ii) the worsening of domestic macroeconomic equilibria, both with a steady outlook in the period ahead. At the same time, two moderate systemic risks were identified: (i) the default risk for loans to the private sector, seen on the rise for the period ahead, driven in particular by non-financial corporations; and (ii) the risk associated with the challenges to cybersecurity and financial innovation, for which the outlook is to intensify.

Risks to financial stability from external sources have intensified since the previous *Financial Stability Report*. The energy crisis induced by the escalation of the Middle East conflict and the severe disruption of trade flows through the Strait of Hormuz triggered a global supply-side shock, with implications for energy and food security, the outlook for economic growth and inflation, and the global risk appetite. Heightened uncertainty about the duration and intensity of the conflict fuelled recurrent volatility episodes in international financial markets and wider swings in capital flows. While the global economy and the international financial system have remained resilient so far and financial asset price corrections have taken place in a relatively orderly manner, an extension or intensification of the conflict would heighten tensions in energy markets and lead to a further tightening of financial conditions.

Furthermore, high public indebtedness and the persistence of large fiscal deficits worldwide continue to fuel tensions relative to the perception of sovereign risk, in Europe as well, and contain the fiscal space available for the adoption of support measures aimed at mitigating the impact of the energy shock. At the same time, capital market valuations remain high despite recent corrections, which may fuel the risk of abrupt repricing. This risk is increased by the high concentration of tech companies, particularly AI-related firms, in stock market indices. The valuations of such firms incorporate optimistic expectations on their future profitability, which makes it more likely that a reassessment of the tech sector's growth outlook, the pace of adoption of new technologies or the return on investment in related infrastructure will lead to disproportionate price corrections on the capital market as a whole.

On the domestic front, risks to financial stability stemming from domestic macroeconomic disequilibria remain significant. They have been fuelled by mounting political and geopolitical uncertainties in a fragile macroeconomic environment, marked by subdued economic growth and persistent twin deficits. Although recent developments point to a relative narrowing of the budget deficit, as a result of fiscal consolidation, which also contributes to taking pressures off the external imbalance, the adjustment is made from particularly high initial levels, with Romania recording the widest (fiscal and current account) deficits across the EU. In ESA terms, the general government deficit stood at 7.9 percent of GDP in 2025 and, according to the European Commission's 2026 spring forecast, it is expected to decline to 6.2 percent of GDP in 2026, both levels highlighting the persistent pressures on public finances. Moreover, economic growth was further subdued in 2025, decelerating slightly against the previous year. In 2025, real GDP advanced by 0.7 percent versus 0.9 percent a year earlier, mirroring the effects of the fiscal adjustment, the cooling domestic demand and the drop in households' purchasing power. On a positive note though, worth mentioning is the shift in the growth pattern from a largely consumption-driven to an investment-based model.

Further fiscal consolidation and a consistent, credible and predictable policy framework remain of the essence for: (i) maintaining investor and rating agencies' confidence, (ii) reining in pressures on financing costs and the exchange rate, (iii) placing public debt on a sustainable path again, and (iv) strengthening the resilience of domestic economy. These priorities are all the more important given the challenging external environment, which could affect investors' perception of the risk associated with the region and heighten the volatility of capital flows.

Under the circumstances, maximising the absorption and efficient use of EU funds, especially those under the National Recovery and Resilience Plan (NRRP), is gaining increased relevance, as they contribute significantly to supporting the investment stimulus, and hence contain the restrictive effects of the fiscal adjustment and strengthen the economic growth potential, on a longer term as well. Nonetheless, absorption-related risks are still significant, as the time available for implementing reforms and projects under the NRRP is limited and some components with important allocations have still made little technical progress. The delays in implementing reforms and making investments caused the plan to be revised, with the total allocation being lowered to EUR 21.4 billion, from EUR 28.5 billion originally. Romania received to date EUR 6.4 billion in grants and EUR 4.32 billion in loans, whereas the remaining amount to be absorbed after the plan was revised is around EUR 10.7 billion, i.e. half of total allocations.

The capacity of households and firms to service their debt is largely conditional on their financial situation. From this point of view, developments recorded by both main segments followed the same path.

Households' vulnerabilities remain low, with the composite indicator reflecting high resilience, supported by sustainable indebtedness and robust savings. Nevertheless, the slower gross disposable income growth in nominal terms and heightened inflationary pressures caused the composite indicator of vulnerabilities to deteriorate slightly. Households' net wealth continued to rise, but lost some momentum from previous years (7.5 percent in 2025 versus 10.5 percent in 2024, 11 percent in 2023 and 12.4 percent in 2022). Household deposits with banks picked up further to lei 413.7 billion in March 2026, albeit at a slower annual pace (8.1 percent versus 10.7 percent in March 2025). Furthermore, the distribution of deposits was still highly concentrated at end-2025, with only 0.6 percent of depositors holding 29 percent of bank savings.

Turning to non-financial corporations, according to the financial statements for 2025 H1, the financial health measure, although running at a comfortable level above the risk threshold at aggregate level, worsened slightly from the same year-earlier period. This reflects the deterioration of some relevant financial indicators, such as the smaller net profit margin (by about 0.6 percentage points against the year earlier, reaching 4.6 percent in June 2025) and the higher level of indebtedness (140.5 percent, up 5.4 percentage points in June 2025 versus June 2024).

As a result, the debt servicing capacity of the private sector has seen mixed developments since the previous *Report*. The quality of bank loans to households improved in the first months of 2026 against a year earlier, with the non-performing loan ratio dropping to 2.9 percent in March 2026 (down 0.1 percentage points compared to the same year-ago period). As for bank loans to non-financial corporations, their quality has worsened recently. The non-performing loan ratio for loans to non-financial corporations reached 5.6 percent at end-March 2026, up 1.2 percentage points from the same period in the year before.

Moreover, certain segments of the loan portfolio continue to have a higher risk profile. This includes loans to SMEs, especially micro and small-sized enterprises (with NPL ratios of 7.2 percent and 7.1 percent respectively versus 4.7 percent for large companies, March 2026), government-backed loans to firms (NPL ratio of 11.3 percent, March 2026) and exposures to the commercial real estate market (NPL ratio of 6.2 percent, March 2026).

Another type of loans that calls for monitoring is that of loans denominated in foreign currency. In the case of non-financial corporations, these loans further hold a significant share in the loan stock (53 percent, March 2026), although the related non-performing loan ratio is lower than that for loans in local currency (4.1 percent versus 7.3 percent, March 2026). Looking at households, the share of foreign currency-denominated loans keeps narrowing (7 percent, down 1.7 percentage points in March 2026 versus March 2025), amid the borrower-based macroprudential measures implemented by the NBR, differentiated by the currency of the loan.

In an environment saddled with domestic and international uncertainties, the capacity of households and companies to service their debt may come under an increasing pressure in the months ahead, owing to economic, political, geopolitical and financial factors. Estimates over the 12-month horizon show the probability of default rising mildly for housing loans (from 0.25 percent in March 2026 to 0.32 percent in March 2027) and more significantly for consumer credit (from 3 percent in March 2026 to 3.4 percent in March 2027). According to the baseline macroeconomic scenario, credit risk in the non-financial corporations sector is also expected to pick up, with the average probability of default being estimated to run at 4.5 percent in March 2027, from 3.4 percent in March 2026.

Mounting cyber and information and communication technology (ICT) risks pose an increasingly relevant challenge to financial stability, with the present geopolitical context contributing to their rise. The financial services sector continues to be exposed to threats based on financial motivation, aimed at compromising customer authentication data and carrying out attacks for the purpose of extortion and fraud of institutions. These attacks are increasingly sophisticated and widespread as malicious actors use artificial intelligence to generate deepfakes[1] and highly persuasive phishing campaigns[2]. The distribution of incident typologies shows a relative balance between cybercrime (49 percent of total) and spying activities (47 percent of total), which dominate the risk landscape[3].

The European Commission[4] shows that the European Union's financial sector benefits from a solid preparedness framework based on a combination of robust EU legislation, strict governance requirements and effective coordination between EU Member States, authorities and sectors. The role of European Union financial services legislation, including the regulatory framework for banking, insurance, market infrastructures and asset management, is critical to ensuring that financial institutions and infrastructures are able to withstand severe shocks and remain operational. Against this backdrop, the Digital Operational Resilience Act (DORA) provides a harmonised framework at EU level for ICT and cyber risk management in the financial sector, while also including oversight of critical third-party ICT service providers.

From a financial stability perspective, the fast-paced expansion of digital assets may heighten the risks associated with financial innovation. Although blockchain technologies and some digital assets may spur efficiency and cut down transaction costs, they can also entail important vulnerabilities. There are various risks associated with crypto-assets, including financial, operational and geopolitical dimensions, and can be summarised as follows: (i) decentralised finance creates a parallel financial architecture, based on blockchain technology, with the potential to amplify systemic fragility, (ii) stablecoins involve counterparty risk and may quickly cause financial stress to feed through via market mechanisms, (iii) crypto-assets, such as Bitcoin and Ethereum, are characterised by elevated volatility compared to traditional markets, especially in times of stress, (iv) the DeFi[5] ecosystem is exposed to operational risks, including cyber-attacks and fraud, which may generate AML/CFT vulnerabilities, and (v) digital assets can be used in geopolitical contexts, including to bypass financial sanctions.

The digital asset ecosystem has developed swiftly since the COVID-19 pandemic, amid the digitalisation of the economies, abundant liquidity and keener interest in alternative financial instruments. In mid-May 2026, the global capitalisation of the crypto-asset market was estimated at approximately USD 2,536 billion, less than 2 percent of the capitalisation of international financial markets (the global

1 A deepfake is audio, video or image content generated or modified with artificial intelligence to realistically mimic a real person and create a false appearance of authenticity.

2 Phishing is a cyberattack whereby users are tricked into disclosing sensitive data (e.g. credentials, bank data) through fake messages or websites that mimic legitimate sources.

3 PWC, *Annual Threat Dynamics 2026: Cyber threats in motion*

4 *Commission report on the preparedness in the EU financial sector*

5 Decentralised finance (DeFi) refers to a system of financial applications built on blockchain networks, essentially constituting a new financial system designed to replicate the range of services provided by the traditional financial system in an open and permissionless manner, thereby eliminating both traditional financial intermediaries and centralised institutions.

stock market is valued at USD 155 trillion and that of fixed income instruments at USD 145 trillion).

Banking sector

Since the previous *Report*, the Romanian banking sector has maintained its good resilience, despite uncertainties about macroeconomic and geopolitical developments, yet a partial materialisation of domestic or external vulnerabilities may erode this solid basis in the short and medium term.

Financial and prudential indicators have remained at comfortable levels, falling under the EBA-defined low-risk buckets. Specifically, the banking sector has an adequate capital position (total capital ratio: 23.7 percent, March 2026), a sound liquidity position (liquidity coverage ratio: 246 percent, March 2026; net stable funding ratio: 191 percent, March 2026), good profitability (ROA: 1.4 percent; ROE: 14.1 percent, March 2026), high operational efficiency (cost-to-income ratio: 52 percent, March 2026) and satisfactory asset quality (NPL ratio: 2.8 percent, March 2026). The results of the latest solvency stress test confirm the banking sector's capacity to withstand potential macroeconomic shocks without affecting financial stability.

The banking sector's performance is similar to or above the EU average in terms of financial and prudential indicators. Profitability continues to buttress the stability of the banking sector, but bank returns remain well below those of other sectors in the real economy. The increase in turnover tax in the context of fiscal consolidation measures puts additional pressure on operational efficiency. The real sector's financing capacity is still insufficiently turned to account, with significant potential for lending to the real sector, as reflected *inter alia* by the below-one loan-to-deposit ratio.

Significant holdings of sovereign debt instruments continue to be a structural feature of the local banking sector. The high share of these exposures mirrors credit institutions' important role in government financing, as well as the favourable prudential treatment of these assets and the preference for liquid assets. However, the considerably higher bank claims on government (27.6 percent, March 2026) relative to the EU average (9.7 percent, September 2025) fuels interest-rate and concentration risks. Under favourable market conditions, this interdependence does not pose risks, but in the event of adverse developments in the sovereign rating, this concentration may become a channel for contagion and amplification of risks via both the marking to market of the bank portfolios and an increase in capital requirements.

A number of challenges to banking sector stability persist, namely: (i) the risk of a more severe worsening of asset quality, (ii) the large share of foreign currency loans to non-financial corporations, and (iii) increased relevance of emerging risks and newly arising risks, such as those associated with digitalisation and cyberattacks, as well as climate or geopolitical risks. Given the uncertain developments in these risks, credit institutions should further pursue a prudent stance regarding capital and liquidity reserves management, as an essential prerequisite for underpinning long-term financial stability.

Table 1. Risk indicators for the banking sector

Risk indicators	EBA-defined prudential range	Romania 2019	Romania 2020	Romania 2021	Romania 2022	Romania 2023	Romania 2024	Romania 2025	Romania Mar. 2026	EU average 2025 Q4
Solvency										
Tier 1 capital ratio	>15% [12%-15%] <12%	20.1	23.2	20.9	20.5	20.7	22.2	23.5	21.5	17.8
CET1 capital ratio	>14% [11%-14%] <11%	20.0	23.1	20.8	20.0	20.2	21.7	21.8	19.8	16.3
Total capital ratio		22.0	25.1	23.3	23.4	23.6	24.9	25.8	23.7	20.4
Leverage ratio	>8% [5%-8%] <5%	10.2	10.3	8.6	8.5	8.1	8.6	9.1	8.6	6.0
Asset quality										
Non-performing loan ratio	<3% [3%-8%] >8%	4.1	3.8	3.4	2.7	2.4	2.5	2.7	2.8	1.8
Non-performing loan coverage by provisions	>55% [40%-55%] <40%	60.8	63.3	66.1	65.5	64.6	66.0	62.4	63.6	41.4
Ratio of restructured loans and advances	<1.5% [1.5%-4%] >4%	2.5	2.4	2.6	2.0	1.6	1.4	1.3	1.4	1.3
Profitability										
ROA		1.3	1.0	1.4	1.5	1.8	1.7	1.7	1.4	0.7
ROE	>10% [6%-10%] <6%	12.2	8.7	13.3	16.4	20.1	18.4	17.6	14.1	10.4
Cost-to-income ratio	<50% [50%-60%] >60%	54.3	53.8	53.9	52.1	47.6	50.8	48.9	52.0	53.3
Balance sheet										
Loan-to-deposit ratio for households and non-financial corporations	<100% [100%-150%] >150%	69.5	63.6	64.0	65.7	61.0	62.4	62.0	63.4	104.8
Liquidity coverage ratio – LCR	>140% [110%-140%] <110%	242.6	292.5	238.8	209.2	280.6	254.7	257.2	246.0	163.1
Net stable funding ratio, NSFR					177.0	193.6	197.2	195.6	191.0	126.9

best bucket
intermediate bucket
worst bucket

Source: NBR, EBA

In addition to these factors, credit institutions will also face, in the period ahead, costs associated with legal and reputational risks generated by the Competition Council's action concerning the manner in which the ROBOR is established, with implications for financial stability. In June 2026, the Competition Council penalised 10 banks with fines totalling lei 3.73 billion (EUR 710 million) for the infringement of competition rules, i.e. the Competition Law and the Treaty on the Functioning of the European Union, by coordinating their conduct in the procedure for establishing the ROBOR. Prior to the publication of the decision of the Competition Council, the National Bank of Romania requested a number of clarifications in order not to give rise to additional confusion, unrealistic expectations or unfounded accusations with effects on financial stability. With a view to adequately informing the general public, it is necessary to clarify in a coherent fashion: (i) which legal provisions have been violated given that the regulation and the rules of the money market are considered fair and respected, (ii) how an exchange of information in a framework characterised by transparency rules can be interpreted as anticompetitive behaviour, and (iii) how the level of ROBOR assumed to be correct, as against that published, can be determined.

The fine levied by the Competition Council may also lead to legal disputes initiated by bank customers that took loans linked to ROBOR. Depending on how the alleged damage to debtors is calculated, these disputes may lead to losses significantly higher than the amount of these fines. The two types of the aforementioned extra costs would add to those related to the worsening of the domestic and international macro-financial framework. The cumulation of the effects from the materialisation of all these overlapping shocks would translate into sizeable expenses for credit institutions. The implications of these scenarios go beyond the banking sector, affecting both the receipts collected by the Romanian government from the tax on bank profits and the benefits associated with the external perception of banking sector stability, which so far have had positive implications for the sovereign rating and the public debt refinancing cost. Moreover, reputational effects at domestic and external level on the Romanian banking sector should not be underestimated.

Structural vulnerabilities

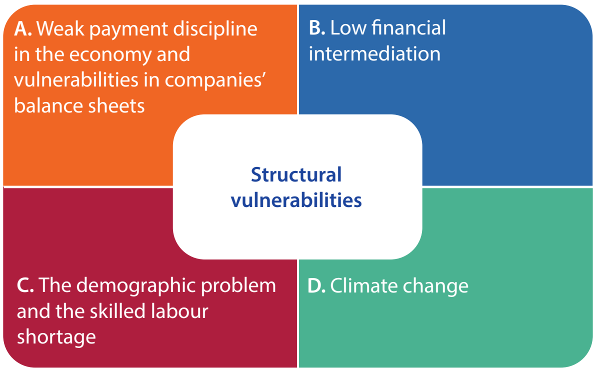
Structural vulnerabilities reflect persistent weaknesses of the domestic economy and the financial system, which can amplify the effects of macroeconomic shocks and can reduce the ability to adjust in times of stress. In the current context, they become increasingly relevant, as they can heighten the risks to financial stability in the medium and long term, Figure 2.

A. The capitalisation shortfall of domestic companies remains a significant structural vulnerability, limiting firms' capacity to react and adapt to economic and financial shocks, with a potential for spillover of adverse effects on the corporate sector and the economy as a whole. According to mid-2025 data[6], the number of undercapitalised companies grew by 10 percent, making up 8.9 percent of total firms with a turnover of over EUR 1 million (+0.6 percentage points from a year earlier). The firms in this category generate 6.4 percent of the gross value added of the non-financial corporations sector, the indicator posting a 31 percent increase versus the year before, which highlights the higher economic relevance of these entities. However,

[6] The obligation to submit semi-annual financial statements to the Ministry of Finance lies only with companies that reported a turnover of over EUR 1 million at the end of the previous year.

the companies with capital shortfalls continue to hold a large share of financial imbalances, accounting for 35 percent of overdue payments to the general government budget (down by 12.8 percentage points from end-June 2024) and 37.3 percent of overdue payments to suppliers (up by 9.6 percentage points against the previous year). The recapitalisation needs of these companies total lei 36.4 billion, a volume on the rise by 8 percent in annual terms.

Figure 2. Map of structural vulnerabilities to financial stability in Romania



At the same time, the low level of capitalisation affects companies' capacity to access external funding sources, limiting both investment possibilities and financial resilience in times of stress. The reduced access to bank lending and other market-based financing mechanisms contribute to the persistence of a funding model based largely on internal funds or trade credit.

The payment discipline of non-financial corporations posted mixed developments. On the one hand, overdue payments decreased slightly in the first part of 2025, reaching lei 44.5 billion, particularly on account of overdue payments of state-owned enterprises, which contracted by 38 percent in June 2025 versus June 2024. On the other hand, the receivables collection period for non-financial corporations increased marginally to 86 days, up by 4 days as against mid-2024.

These vulnerabilities could be mitigated by the measures on the activity of firms in Romania[7] enacted at end-2025, including the increase in and the differentiation of capital requirements based on turnover, the obligation to have a payment account opened in Romania, stricter regulations on inactive firms and their winding-up and the selling of equity conditional on the payment of overdue tax obligations.

B. Romania continues to rank last among the EU countries as regards the share of private sector credit in GDP, which stands well below the EU average (22 percent in 2026 Q1 as compared with a 66 percent average). This gap highlights not only an underdevelopment of the financial sector, but also its limited capacity to support the credit-based financing and development of real economy, with wider differences as compared to those recorded by regional peer economies, such as Poland (43 percent), Bulgaria and Czechia (49 percent each) and Hungary (32 percent). This is also shown by the size of bank assets as a share in GDP. In Romania, the bank asset-to-GDP ratio was 49 percent in 2025 Q3, i.e. well below that recorded by other peer economies (for further details, see Chapter 3).

The low degree of financial intermediation does not reflect only supply-side constraints from the banking sector, but especially particularities of credit demand and the financing structure of the corporate sector, namely a relatively high level of

7 Law No. 239 of 15 December 2025 establishing measures for the recovery and efficient use of public resources, as well as amending and supplementing some legal acts.

self-financing among firms, the prevalence of trade credit as a short-term funding source, amid a large share of firms with a low level of capitalisation. These elements are amplified by the lower level of financial education, which contains the use of complex financial instruments and the diversification of funding sources, as well as by the specifics of the real estate market, characterised by a high share of households owning a dwelling. This model entails a structural reduction in the demand for housing loans and favours the persistence of a significant share of cash-based real estate transactions, outside the bank financing channels (the number of new housing loans to the number of real estate transactions in the period from April 2025 to March 2026 is 42 percent), thus diminishing the role of the financial system in the intermediation of capital flows in this economic segment.

An increasingly important development of the non-bank financial segment and the capital market can contribute to ensuring a better resilience of the Romanian financial system, fostering a sustainable increase in intermediation and a more extensive diversification of the funding sources available to the real sector.

The authorisation of a central counterparty (CCP) in Romania could make a positive contribution to increasing financial intermediation. The CCP can foster the development of capital market and the rise in financial intermediation through greater efficiency and safety of transactions. It plays a key role in mitigating the counterparty risk and limiting the systemic risk through guaranteeing the settlement of transactions and using the risk management mechanisms, thereby contributing to increases in investor confidence and market liquidity. In Romania, the central counterparty (CCP.RO Bucharest S.A.) is currently being authorised[8], this project being developed to introduce the centralised clearing of transactions, particularly in derivatives, with an impact on the reduction of counterparty risk and the development of capital market.

C. The unfavourable demographic developments and the skilled labour shortage are important structural vulnerabilities for Romania's economy. The decrease in active population and the demographic ageing put pressure on the labour market and limit the medium- and long-term growth potential. According to data as at 1 January 2026, Romania's resident population shrank by 0.5 percent versus the same year-earlier period[9]. Moreover, the ageing problem has worsened, with a number of 136.6 elderly per 100 young people, up from 131.7 elderly persons a year ago. In this context, Romania has one of the lowest employment rates in the EU, i.e. 69 percent of the 20 to 64 year-olds in 2025, coming in next to last after Italy (67.6 percent)[10].

At the same time, the skills mismatch affects productivity and lowers the economy's capacity to adapt to technological advances. Amid a fast decrease in the working age population and the low employment rates, particularly among the youth and individuals with lower education, it is essential to consolidate the training, retraining and professional development policies. Reducing the inactivity among the youth

8 https://asfromania.ro/ro/a/3416/dosarul-ccp.ro-a-fost-declarat-complet.-asf-incepe-evaluarea-pentru-autorizarea-contrapartii-centrale

9 NIS Press Release No. 81 of 2 April 2026

10 EU's employment rate grew above 76% in 2025

is key to increasing the overall labour market participation rate, as the long periods of non-participation in education or employment have lasting effects on the professional career and employment prospects. The NEET[11] rate in Romania is the highest at EU level, i.e. 19.2 percent versus an average of 11 percent for EU Member States (2025). This reflects in a significantly higher unemployment rate among people with low and medium levels of education (17.6 percent and 5.1 percent respectively in 2025), whereas the unemployment rate for people with tertiary education is of merely 1.8 percent. Thus, the suboptimal educational performance limits the effective transition from education to employment and lowers the chances of integration in the labour market, amplifying the risk of social and economic exclusion.

D. Extreme weather events are becoming increasingly frequent and severe, generating economic and financial costs on the rise globally. Annual global direct damages from weather-related events have more than doubled since the early 2000s, exceeding USD 200 billion in 2025[12].

Romania has been assessed as highly vulnerable to global warming and extreme weather events, particularly river flooding and droughts[13]. The corporate sector plays a major role in the green transition process, since it contributes significantly to global greenhouse gas emissions, but at the same time has the capacity to speed up this transition via investment, innovation and the adaptation of production and consumption models. Climate-relevant (brown) non-financial corporations further have a significant contribution at national level. According to the mid-2025 financial statements, these firms generated 36.8 percent of gross value added at aggregate level, held 44 percent of total assets and hired 30.2 percent of total employees of non-financial corporations. The volume of bank credit to these companies stood at lei 86.6 billion at end-March 2026, accounting for 49.4 percent of the total portfolio of loans to non-financial corporations.

Around 76 percent of the firms operating in Romania that took part in the EIB 2025 survey[14] said they experienced physical risk. An important share of the surveyed firms regarded the new, stricter climate standards and regulations as a risk for their own company (48 percent of respondents) rather than an opportunity (17 percent). The share of investment channelled by local firms to measures for increasing energy efficiency has remained modest (11 percent, EIB 2025) and relatively steady over the past years, with merely 48 percent of firms saying they invested in measures to improve energy efficiency. In this context, an NBR paper[15] shows that the level of firms' financial literacy has a significant influence on climate investment. Specifically, financially literate firms tend to allocate larger shares of total investment to climate change-related actions. Therefore, enhancing firms' financial literacy emerges as an essential matter, also from this point of view, in order to foster green investment.

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11 Neither in employment nor in education and training

12 NGFS Note on the economic and financial impacts of extreme weather events, May 2026

13 OECD Economic Surveys: Romania 2026

14 EIB Investment Survey, 2025

15 Ichim, S. M., (2026), "Determinants of Climate Investments. Are Financially Literate Firms Any Different?", *Studies in Systems, Decision and Control*, Springer Nature Switzerland, pp. 229-238, DOI: 10.1007/978-3-031-99466-1_23

Green loans, used to finance environmentally friendly projects or investments, can play a major role in ensuring the green transition. However, non-financial corporations operating in Romania and the banking sector are still showing low awareness in this respect, with green loans accounting for merely 6.1 percent (+2.2 percentage points in March 2026 compared to March 2025) of the total corporate loan portfolio, almost half being for green buildings. In the case of households, sustainable loans make up 7.3 percent of the volume of bank credit to this sector, the main purpose being also green buildings (85 percent).

Special feature

The escalation of the Middle East conflict, owing to the military operation launched by Israel and the US against Iran, followed by the broadening of Iranian retaliatory measures at a regional level, is conducive to a major supply-side shock for the global economy, given the region's strategic importance for international trade in energy, goods and commodities.

The conflict does not take its toll on the energy market alone, affecting in a broader sense the goods and commodities markets and trade flows, *inter alia* amid the logistics-related disruptions generated by the war and the deterioration of the regional energy infrastructure. Looking ahead, high uncertainties still surround the persistence and magnitude of adverse effects, which hinge significantly on the duration, intensity and scale of the conflict.

Over the short term, the implications for financial stability stem from the usual channels associated with the materialisation of a major geopolitical shock, namely the rise in energy and other commodity prices, bottlenecks in supply chains, the increase in uncertainty, and the worsening of investor sentiment in international financial markets, with potential effects on the financial system overall.

The special feature of this *Report* examines, at first, the key implications for financial markets, and then it looks at the transmission channels to the non-financial corporations sector, particularly via the pressures exerted on energy-intensive firms, as well as on importers and exporters with exposures to the affected region. Overall, the direct effects on the real sector are small, considering the limited exposures. The indirect effects, however, compounded by potential shocks across partner economies and production chains, can be significantly stronger.

1. INTERNATIONAL AND DOMESTIC ECONOMIC AND FINANCIAL ENVIRONMENT

Risks to financial stability from external sources have intensified. The energy crisis induced by the escalation of the Middle East conflict and the severe disruption of trade flows through the Strait of Hormuz triggered a global supply-side shock, with implications for energy and food security, the outlook for economic growth and inflation, and the global risk appetite. Heightened uncertainty about the duration and intensity of the conflict fuelled recurrent volatility episodes in international financial markets and wider swings in capital flows. While the global economy and the international financial system have remained resilient so far and financial asset price corrections have taken place in a relatively orderly manner, an extension or intensification of the conflict would heighten tensions in energy markets and lead to a further tightening of financial conditions.

Furthermore, high public indebtedness and the persistence of large fiscal deficits worldwide continue to fuel tensions relative to the perception of sovereign risk, in Europe as well, and contain the fiscal space available for the adoption of support measures aimed at mitigating the impact of the energy shock. At the same time, capital market valuations remain high despite recent corrections, which may increase the risk of abrupt repricing.

On the domestic front, risks to financial stability stemming from domestic macroeconomic disequilibria remain significant. They have been fuelled by mounting political and geopolitical uncertainties in a fragile macroeconomic environment, marked by subdued economic growth and persistent twin deficits. Although recent developments point to a relative narrowing of the budget deficit, as a result of fiscal consolidation, which also contributes to taking pressures off the external imbalance, the adjustment is made from particularly high initial levels, with Romania recording the widest (fiscal and current account) deficits across the EU. Economic growth was further subdued in 2025, decelerating slightly against the previous year.

Further fiscal consolidation and a consistent, credible and predictable policy framework remain of the essence for: (i) maintaining investor and rating agencies' confidence, (ii) reining in pressures on financing costs and the exchange rate, (iii) placing public debt on a sustainable path again, and (iv) strengthening the resilience of domestic economy. These priorities are all the more important given the challenging external environment, which could affect investors' perception of the risk associated with the region and heighten the volatility of capital flows.

Under the circumstances, maximising the absorption and efficient use of EU funds, especially those under the National Recovery and Resilience Plan (NRRP), is gaining increased relevance, as they contribute significantly to supporting the investment stimulus, and hence contain the restrictive effects of the fiscal adjustment and strengthen the economic growth potential, on a longer term as well. Nonetheless, absorption-related risks are still significant, as the time available for implementing reforms and projects under the NRRP is limited and some components with important allocations have still made little technical progress. The delays in implementing reforms and making investments caused the plan to be revised, with the total allocation being lowered to EUR 21.4 billion, from EUR 28.5 billion originally. Romania received to date EUR 6.4 billion in grants and EUR 4.32 billion in loans, whereas the remaining amount to be absorbed after the plan's revision is around EUR 10.7 billion.

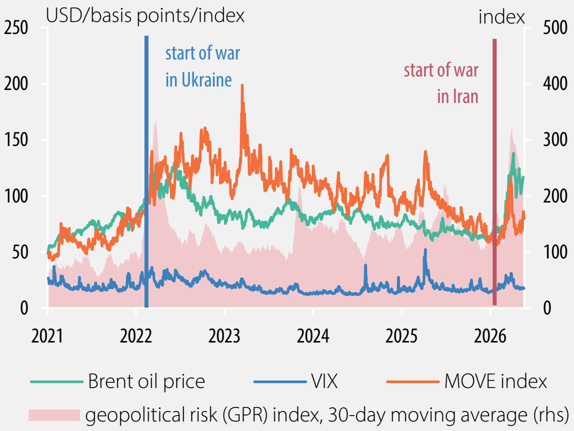
In 2025, the growth rate of private sector debt moderated to 5.6 percent, from 8.9 percent in 2024, with total debt reaching lei 819.4 billion (approximately 43 percent of GDP). Credit institutions remain the private sector's main source of financing, accounting for 74.4 percent of total financial debt of non-financial corporations and households. The low level of financial debt in Romania further reflects the modest degree of financial intermediation compared to the other EU Member States. According to the latest data available for 2026 Q1, the private sector debt-to-GDP ratio in Romania continues to be the lowest in the European Union (22 percent at end-March 2026, versus the EU average of 66 percent).

1.1. International economic and financial developments

Risks to financial stability from external sources have intensified since the previous *Financial Stability Report*. The energy crisis induced by the escalation of the Middle East conflict and the severe disruption of trade flows through the Strait of Hormuz triggered a global supply-side shock, with implications for energy and food security, the outlook for economic growth and inflation, and the global risk appetite. Heightened uncertainty about the duration and intensity of the conflict fuelled recurrent volatility episodes in international financial markets (Chart 1.1) and wider swings in capital flows. While the global economy and the international financial system have remained resilient so far and financial asset price corrections have taken place in a relatively orderly manner, an extension or intensification of the conflict would heighten tensions in energy markets and lead to a further tightening of financial conditions.

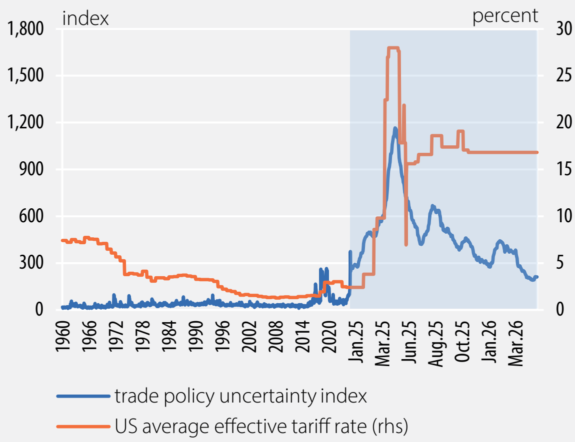
These developments are unfolding against the backdrop of significant pre-existing vulnerabilities, including those associated with the successive shocks in previous years, as well as amid increasing geo-economic fragmentation owing to, *inter alia*, persistent global trade tensions and the expansion of protectionist measures (Chart 1.2). Furthermore, high public indebtedness and the persistence of large fiscal deficits worldwide continue to fuel tensions relative to the perception of sovereign risk, in Europe as well, and contain the fiscal space available for the adoption of support measures aimed at mitigating the impact of the energy shock. At the same time, capital market valuations remain high despite recent corrections, which may increase the risk of abrupt repricing. In this context, the recent assessments of the IMF[16] point to several potential channels for amplifying financial stress, primarily involving sovereign bond markets, capital flows to emerging economies, non-bank financial intermediation, as well as market segments characterised by high valuations, concentrated exposures to the artificial intelligence sector and rising vulnerabilities in private credit markets.

Chart 1.1. Geopolitical risk and volatility in international financial markets



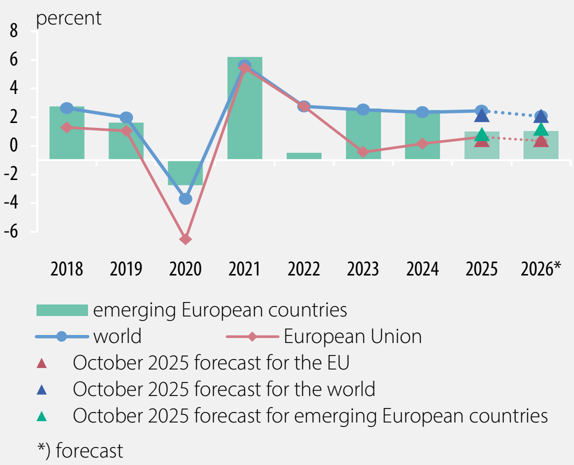
Source: Caldara and Iacoviello (2022), FRED, Refinitiv, NBR calculations

Chart 1.2. Trade policy uncertainty index and the US average effective tariff rate



Source: Caldara, Iacoviello, Molligo, Prestipino and Raffo (2020), Yale Budget Lab (2025), NBR calculations

Chart 1.3. Economic growth worldwide, in the EU and in emerging European countries



Source: IMF, *World Economic Outlook*, April 2026

Global economic activity remained resilient prior to the escalation of the Middle East conflict, yet the outlook clouded subsequently, as the ongoing energy crisis has stagflationary effects, typical of a global supply-side shock, exerting both a dampening influence on economic growth and additional inflationary pressures. In the IMF's baseline scenario[17], which assumes a conflict limited in duration and scope, the revised projections reflect a slower pace of global economic growth, projected at 3.1 percent in 2026 and 3.2 percent in 2027, compared with the 3.3 percent forecast for 2026 prior to the outbreak of the conflict[18] (Chart 1.3), as well as higher global inflationary pressures in 2026. In the adverse scenarios characterised by more severe disruptions of energy supply, the effects on economic growth and inflation would be significantly stronger (Charts 1.4 and 1.5). This impact is uneven across countries, with pressures being more pronounced in emerging market and developing economies, particularly

16 See IMF, *Global Financial Stability Report*, April 2026

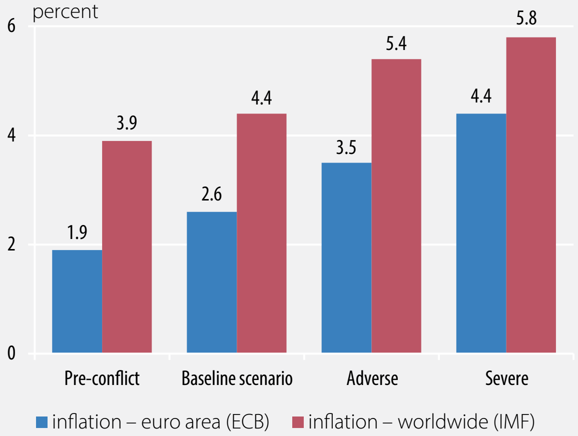
17 IMF, *World Economic Outlook*, April 2026

18 IMF, *World Economic Outlook update*, January 2026

in net importers of energy and other commodities with pre-existing macroeconomic vulnerabilities. Among major advanced economies, growth prospects continue to point to a divergence between the United States and the euro area, also reflecting the euro area's greater exposure to shocks in energy markets, as well as the weaker domestic demand and investment dynamics.

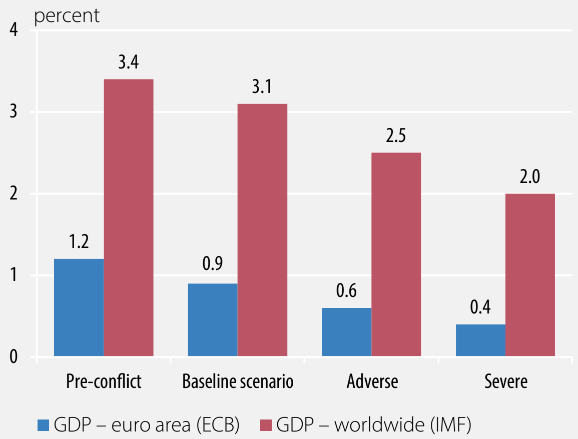
The uncertainties and inflationary pressures triggered by the energy shock contributed to a relatively broad-based rise in the yields on global sovereign bonds and to their heightened volatility, in an environment where vulnerabilities associated with public debt remain high (Chart 1.6, see also the Special Feature). Prior to the conflict, concerns about sovereign debt sustainability had already been mounting, as reflected, *inter alia*, in higher term risk premia and increased investor sensitivity to sovereign issuers' fiscal outlook[19]. According to the IMF, global public debt stood at nearly 94 percent of GDP in 2025 and is projected to reach 100 percent of GDP by 2029, amid persistently large fiscal deficits, rising government interest expenditure and structural pressures on public spending, including those related to population ageing, defence and energy transition[20].

Chart 1.4. Scenarios regarding inflation developments for the euro area and worldwide



Source: IMF (*World Economic Outlook*, April 2026), *ECB staff macroeconomic projections*, March 2026

Chart 1.5. Scenarios regarding economic growth for the euro area and worldwide



Source: IMF (*World Economic Outlook*, April 2026), *ECB staff macroeconomic projections*, March 2026

Against this background, gross sovereign financing needs remain elevated. Across OECD member countries, gross borrowing reached a record USD 17 trillion in 2025 and is projected to rise to around USD 18 trillion in 2026, with the bulk of the amount intended for refinancing maturing debt[21]. Risks are compounded by the past shift to shorter maturities, which amplifies refinancing risk by increasing the volume of debt that needs to be rolled over more frequently and at costs that depend on prevailing market conditions. Accordingly, sovereign risk assessment depends to a larger extent on the capacity of markets to absorb significant volumes of government bonds, including in the context of the changes that occurred in recent years in the

[19] See, for instance, IMF, *Global Financial Stability Report*, October 2025

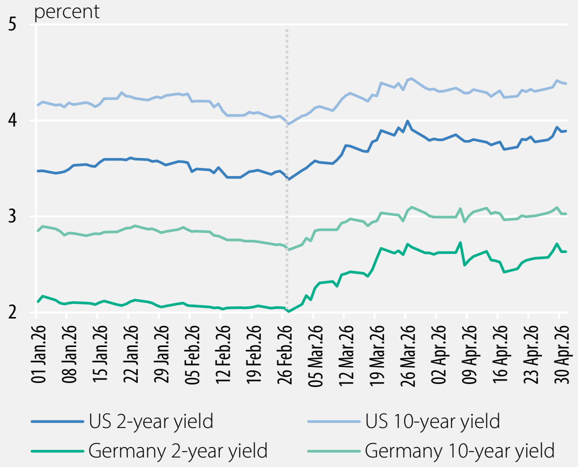
[20] IMF, *Fiscal Monitor*, April 2026

[21] See OECD, *Global Debt Report*, March 2026

composition of investor base for such assets[22]. These developments are relevant in terms of financial stability, given the sovereign-bank nexus, as worsened perceptions of sovereign risk may pass through to credit institutions' balance sheets, funding costs and lending conditions.

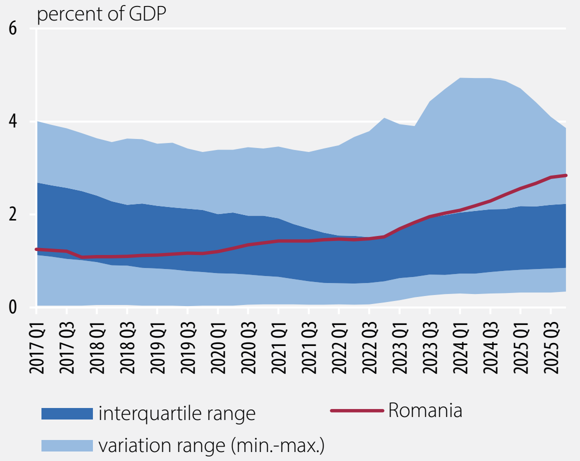
At the European level, the fiscal outlook points to a gradual deterioration in fiscal positions over the period ahead. According to the European Commission's forecast[23], the EU aggregate budget deficit is projected to increase from 3.1 percent of GDP in 2025 to 3.6 percent of GDP in 2027, while aggregate public debt is envisaged to climb to 85.3 percent of GDP (+2.5 percentage points) over the same period. These developments primarily reflect the slowdown in economic activity and the further relatively high financing costs, with implications for government interest expenditure (Chart 1.7), to this adding the budgetary pressures associated with higher defence spending and support measures related to elevated energy prices. Fiscal positions, however, remain uneven across Member States. Several EU economies continue to record high levels of public debt, including Greece, Italy and France, standing well above the 60 percent of GDP reference value of the EU fiscal framework. Romania remains subject to the excessive deficit procedure, together with nine other EU Member States.

Chart 1.6. Yields on 2-year and 10-year sovereign bonds issued by the US and Germany



Source: Refinitiv

Chart 1.7. General government interest expenditure as a share of GDP across the EU



Source: ECB

Turning to emerging market economies, heightened global risk aversion and the higher sovereign bond yields in advanced economies may put pressure on capital flows, exchange rates and financing conditions, also via the unwinding of carry trade positions[24], with potential implications for financial stability[25]. Vulnerabilities are stronger in economies with large external deficits, low international reserves, sizeable external financing needs or a high degree of foreign currency indebtedness. In such

22 For a broader discussion, see OECD, *Global Debt Report*, March 2026, or IMF, *Global Financial Stability Report*, April 2026

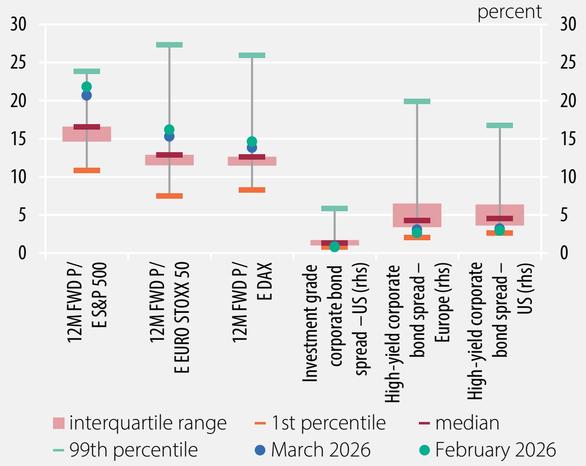
23 European Commission, *European Economic Forecast. Spring 2026*

24 Referring to transactions that involve borrowing funds in low-yielding currencies and investing them in assets denominated in higher-yielding currencies in order to take advantage of the interest rate differential

25 For a broader discussion, see IMF, *Global Financial Stability Report*, April 2026

cases, the domestic currency depreciation may fuel inflationary pressures and is likely to increase external debt servicing costs. In this context, a prudent macroeconomic policy stance, supported by strengthened fiscal positions and adequate foreign exchange reserves, remains essential to enhancing the resilience of emerging market economies to external shocks.

Chart 1.8. Stock valuation indicators[26] and corporate bond spreads in the US and Europe



Source: Refinitiv, FRED, NBR calculations

In capital markets, recent corrections were subsequently reversed, either partially or in full, depending on the region and sector, while valuations remain elevated both from a historical perspective (Chart 1.8) and relative to the persistent macroeconomic and geopolitical uncertainties. In corporate bond markets, spreads remain compressed in the United States and the euro area, in both investment-grade and high-yield segments. Under these circumstances, the risk of corrections in capital markets continues to be significant. This risk is amplified by the high concentration of stock market indices, given that a significant share of their market capitalisation is accounted for by technology companies, particularly those operating in the field of artificial intelligence. The optimistic expectations on the future profitability of such firms make it more likely that a reassessment of the tech sector's growth outlook, the pace of adoption of new technologies or the return on investment in related infrastructure will lead to disproportionate price corrections on the capital market as a whole. At the same time, the higher frequency of supply shocks has contributed to eroding the negative correlation between stock prices and government bond prices in major developed economies, diminishing the effectiveness of portfolio diversification strategies and increasing the risk of simultaneous price corrections[27].

The European banking sector remains resilient despite the rather unfavourable macroeconomic and geopolitical developments. According to the EBA[28], at end-2025 the EU banking sector further reported strong capital and liquidity positions, as well as a relatively low non-performing loan ratio. European banks' direct exposures to counterparties in the Middle East continue to be limited, amounting to EUR 132 billion, or around 0.5 percent of the aggregate assets of the EU banking sector[29]. Nevertheless, the escalation of tensions in the Middle East may affect the EU banking sector via indirect channels, including higher energy prices, stronger inflationary pressures, slower economic activity and disruptions in global supply chains, with potential implications for credit risk, particularly in energy-intensive

26 The 12M forward price-to-earnings ratio is calculated by dividing a company's current share price to estimated future earnings per share, reflecting investors' expectations for the next 12 months.

27 For a broader discussion, see IMF, *Global Financial Stability Report*, April 2026.

28 EBA Risk Dashboard, 2025 Q4

29 Of this total, approximately 35 percent represents exposures to financial corporations, while around 25 percent is accounted for by exposures to non-financial corporations.

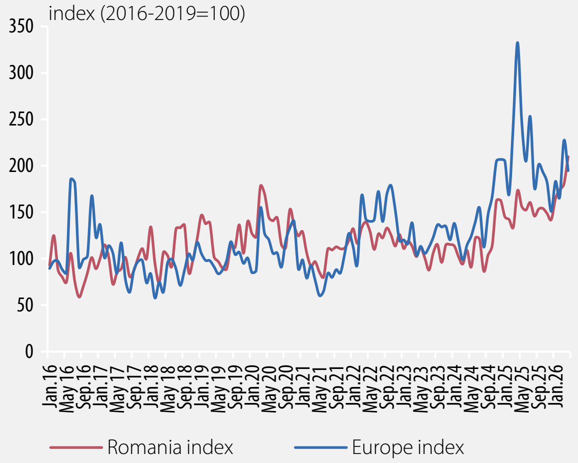
sectors, such as transport, construction and certain manufacturing industries (for further details, see the Special feature).

Another vulnerability may stem from the rapid expansion of the private credit market, which has become an important financing source for companies with more limited access to public capital markets or traditional bank lending. According to the Financial Stability Board (FSB), this market was estimated at USD 1.5-2 trillion at end-2024[30], while its development has been accompanied by growing interconnections with other components of the financial system, including banks, insurance companies and investment funds. Vulnerabilities are compounded by the market's limited transparency, also with regard to asset valuation, leverage, the concentration of exposures and the channels through which shocks may be transmitted to the rest of the financial system. In an environment characterised by still elevated financing costs and more subdued economic growth, a deteriorating credit quality or large volumes of redemption requests could test this sector's resilience, with potential implications for financial institutions via direct exposures, credit lines or confidence channels.

1.2. Domestic macroeconomic developments

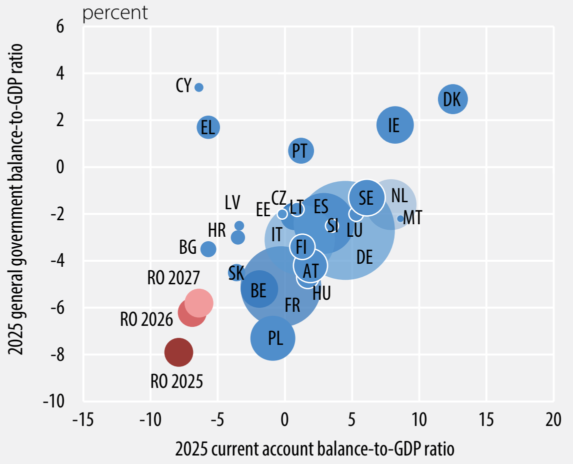
On the domestic front, risks to financial stability stemming from macroeconomic disequilibria remain significant. They have been amplified by mounting political and geopolitical uncertainties (Chart 1.9), in a fragile macroeconomic environment marked by subdued economic growth and persistent twin deficits. Although recent developments point to a relative narrowing of the budget deficit, as a result of fiscal consolidation, which also contributes to taking pressures off the external imbalance, the adjustment is made from particularly high initial levels, with Romania recording the widest (fiscal and current account) deficits across the EU (Chart 1.10).

Chart 1.9. Economic policy uncertainty indices for Romania and Europe



Source: NBR, Baker, Bloom & Davis, NBR calculations

Chart 1.10. General government and current account balances across EU Member States



Source: Eurostat, European Commission

30 FSB, *Report on Vulnerabilities in Private Credit*, May 2026

Further fiscal consolidation and a consistent, credible and predictable policy framework remain of the essence for: (i) maintaining investor and rating agencies' confidence, (ii) reining in pressures on financing costs and the exchange rate, and (iii) strengthening the resilience of domestic economy. These priorities are all the more important given the challenging external environment, which could affect investors' perception of the risk associated with the region and heighten the volatility of capital flows.

In the short term, the fiscal adjustment entails inherent costs in terms of economic growth but is necessary to put public finances back on a sustainable path, meet the commitments made to the European Commission and support, in the future, a gradual economic recovery on a sounder footing. Against this background, the absorption and efficient use of EU funds are becoming increasingly important, as they can mitigate the contractionary impact of the fiscal adjustment and the external environment on economic activity. Moreover, the OECD accession process, which is already at an advanced stage, may deliver benefits over a longer horizon by anchoring reforms relating to governance, transparency and the quality of the institutional framework, thereby improving the business environment, strengthening investor confidence and helping attract long-term capital.

Economic growth was further subdued in 2025, decelerating slightly against the previous year. In 2025, real GDP advanced by 0.7 percent versus 0.9 percent a year earlier[31]. From a regional perspective, Romania recorded one of the lowest GDP growth rates across Central and Eastern Europe, below the regional average of 1.9 percent, ranking ahead only of Hungary, whose economy grew by 0.5 percent. In 2026 Q1, GDP contracted by 1.2 percent year on year[32].

These developments mirror the effects of the fiscal adjustment, the cooling domestic demand and the drop in households' purchasing power. On a positive note though, worth mentioning is the shift in the growth pattern from a largely consumption-driven to an investment-based model. In 2026 Q1, household consumption made a negative contribution to real GDP dynamics (-1.3 percentage points), while gross fixed capital formation added a significant 0.9 percentage points. Net exports of goods and services also made a positive contribution (+0.2 percentage points)[33], amid moderating domestic demand and slower import growth (Chart 1.11). In the short term, most forecasts point to economic growth remaining subdued, while investment continues to be the main driver of economic activity.

Under the circumstances, maximising the absorption and efficient use of EU funds is gaining increased relevance, as they contribute significantly to supporting the investment stimulus, and hence contain the restrictive effects of the fiscal adjustment and strengthen the economic growth potential, on a longer term as well. For Romania, recent estimates point to a cumulative contribution from the NRRP to economic

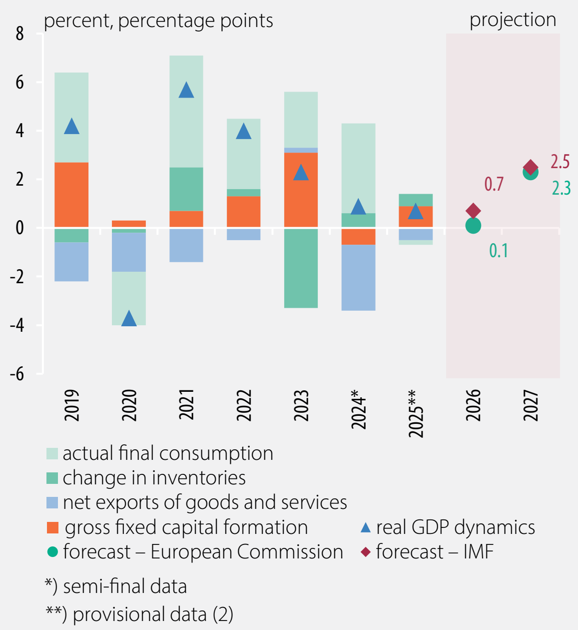
31 National Institute of Statistics, Press release No. 87/9 April 2026

32 Gross series, non-seasonally adjusted

33 National Institute of Statistics, Press release No. 138/5 June 2026

growth of up to 1.2 percentage points over the 2022-2024 period[34]. Moreover, based on the information available in early December 2025, assessments suggested that, assuming full absorption of the NRRP funds remaining available at the time, the impact on economic growth in 2026 could have exceeded 1 percentage point, with stimulative effects into 2027 of up to 0.8 percentage points[35]. Conversely, the failure to absorb these funds could lead either to the postponement of investment projects until alternative sources of financing are identified or to such projects being financed from domestic resources, with a direct impact on the budget deficit[36].

Chart 1.11. GDP dynamics and the contribution of GDP components



Source: NIS, IMF, EC

From this perspective, 2026 marks a critical stage in the implementation of the National Recovery and Resilience Plan, given the approaching deadline for completing reforms and projects. The delays in implementing reforms and making investments caused the plan to be revised, with the total allocation being lowered to EUR 21.4 billion, from EUR 28.5 billion originally. Romania received to date EUR 6.4 billion in grants and EUR 4.32 billion in loans, whereas the remaining amount to be absorbed after the plan was revised is around EUR 10.7 billion[37]. At the same time, a payment request amounting to EUR 2.62 billion was approved by the European Commission, while another two payment requests are expected to be submitted by the end of the programme.

Nonetheless, absorption-related risks remain significant, as the time available for implementing reforms and projects is limited and some components with important allocations have still made little technical progress. For the "Sustainable transport" component, which has the largest allocation, the average technical progress rate weighted by the value of projects stands at 54.6 percent. Moreover, the "Next Generation" component, which is relevant for investment in education and human capital, records an average technical progress rate of 48.3 percent[38]. For the "Energy" component, only 8 percent of the projects have reached a technical progress rate of over 80 percent. Failure to complete these projects would reduce the NRRP's investment impact and delay the easing of major structural constraints on potential growth, including those relating to infrastructure and the quality of human capital.

34 See Anghelescu *et al.* (2025), "European funds and public investment in Romania: Implications of the wind-up of the National Recovery and Resilience Plan (NRRP) for economic growth", NBR, *Occasional Papers* No. 41

35 These results should nevertheless be interpreted with caution, as they are conditional on the actual pace of implementation, the fulfilment of the agreed targets and milestones, and the administrative capacity. For further details, see Anghelescu *et al.* (2025), "European funds and public investment in Romania: Implications of the wind-up of the National Recovery and Resilience Plan (NRRP) for economic growth", NBR, *Occasional Papers* No. 41.

36 See also "Fiscal Council's Opinion on the State Budget Law for 2026, the Social Security Budget Law for 2026 and the 2026-2028 Fiscal Strategy"

37 Recovery and Resilience Scoreboard

38 NRRP Dashboard

As regards the 2021-2027 cohesion policy funds, the absorption rate remains modest relative to the total allocation, at 30.1 percent[39]. Nevertheless, this pattern is common across Central and Eastern European economies, with Romania posting one of the highest absorption rates in the region and receiving the largest nominal amount of EUR 8.9 billion. These resources can help maintain investment momentum after the end of the NRRP as well, provided that administrative capacity is strengthened and funding is channelled towards projects with a strong impact on productivity and competitiveness.

In addition, Romania may benefit from funding under the SAFE programme, aimed at strengthening Europe's defence industrial and technological capabilities and, to a certain extent, supporting dual-use projects, including infrastructure projects. The EUR 16.7 billion allocation to Romania in the form of competitively priced loans could provide a useful source of low-cost funding, especially given the high borrowing costs in the government securities market[40]. However, this programme differs in nature from non-repayable funds or resources directly aimed at economic convergence, as its primary objective is to strengthen defence capabilities. Although part of the funds, namely EUR 4.2 billion, are expected to be channelled into road infrastructure, the programme's contribution to economic growth depends on the extent to which the funded projects generate stimulative effects across the domestic economy.

Against the backdrop of relatively subdued economic growth, labour market pressures continued to ease in 2025. The number of job vacancies declined by 13.8 percent economy-wide, pointing to moderating labour demand. The sharpest adjustment was recorded in industry (-24 percent), a notable development given that the sector accounts for almost a quarter of all job vacancies in the economy. The unemployment rate remained relatively stable, standing at 6.1 percent in March 2026, close to the EU average, but relatively high by regional standards. Beyond circumstantial developments, the labour market continues to be affected by structural constraints associated with the demographic decline, low labour market participation among certain population groups and the mismatch between the skills supplied by the education system and labour demand.

Fiscal consolidation has progressed since the previous *Report*[41], but the deficit remains high, with Romania further posting the widest general government deficit in the European Union. According to the ESA methodology, the general government deficit narrowed to 7.9 percent of GDP in 2025, from 9.3 percent of GDP a year earlier. The fiscal balance calculated according to the cash methodology recorded a deficit of 7.6 percent of GDP in 2025, down by approximately 1 percentage point from the

39 Cohesion Open Data Platform

40 Security Action for Europe

41 These developments also reflected the implementation of the second fiscal package, adopted in September 2025 and applicable mostly from 1 January 2026, as well as additional measures adopted at end-2025. The main measures under the second package aim to increase budget revenue and improve tax collection through changes to the taxation of buildings and land, revisions to the taxation of means of transport, the introduction of a logistics fee on low-value parcels from outside the EU, limits on the deductibility of certain expenses relating to non-resident affiliates, higher taxes on capital gains and gains from transfers of virtual currency, an increase in the cap on the calculation base for health insurance contributions on self-employment income, as well as measures to strengthen tax compliance, the recovery of budgetary claims and the insolvency framework. For further details, see Law No. 239/2025.

previous year and below the 8.4 percent of GDP envisaged in the November 2025 budget revision[42]. Moreover, the budget execution for the first four months of 2026 resulted in a deficit of nearly lei 24 billion, equivalent to around 1.2 percent of GDP, significantly below that seen in the same period a year prior.

For 2026, the approved budget envisages a further fiscal adjustment, with a cash-based deficit ceiling of 6.2 percent of GDP, driven mainly by higher projected budget revenue, alongside a marginal reduction in expenditure as a share of GDP. According to the Fiscal Council's assessment, this target is deemed achievable, provided that the Middle East conflict does not have severe effects or prompt related policy measures[43]. However, the medium-term fiscal adjustment requires the revenue component to be strengthened, including through a significant improvement in tax collection, given that tax revenue and the efficiency of tax administration remain low.

Under the circumstances, gross government financing needs remain high in 2026, at an estimated lei 278.5 billion, i.e. 13.6 percent of GDP, which reflects both the still significant deficit and the sizeable rollover amount driven by the public debt maturing in the course of the year. Financing conditions are further relatively tight, with yields on medium- and long-term government securities remaining elevated in the secondary market, both from a historical perspective and compared to those in the regional peers. This reflects domestic factors but also influences stemming from the international financial environment amid investor concerns about the sustainability of public debt in economies with weaker fiscal fundamentals in the current context.

The progress in fiscal correction helped yields on government securities enter a downward path starting in the latter part of October 2025. This trend was interrupted at the end of February 2026 amid the deterioration in investor sentiment following the outbreak of the war in the Middle East, which led to relatively steep upward adjustments in yields on government securities and to an increase in their volatility, similarly to international and regional developments (see also the Special Feature). Although the adjustments in foreign markets saw a partial reversal afterwards, the rise in internal political tensions fuelled pressures on local financial assets. These reflected, on the one hand, in investor perception of sovereign risk, as shown by the differences in the yield spreads against German bunds between Romania and the other CEE economies, and by the movements in CDS spreads on government securities (Chart 1.12 and Chart 1.13) and, on the other hand, in the depreciation of the domestic currency, with the EUR/RON exchange rate reaching a historical peak at the beginning of May, before a relative stabilisation at the new levels.

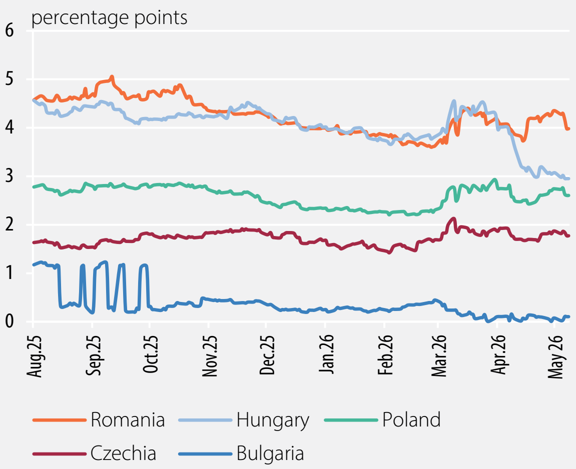
Against this background, public debt remained on an upward path, reaching 59.3 percent of GDP at end-2025 (from 54.8 percent at end-2024, according to ESA methodology). Although still below the EU average, the level was close to the 60 percent-of-GDP reference value, which is expected to exceed in the period ahead.

42 For further details, see Ministry of Finance, General Government Budget Execution, 31 December 2025.

43 See "Fiscal Council's Opinion on the State Budget Law for 2026, the Social Security Budget Law for 2026 and the 2026-2028 Fiscal Strategy".

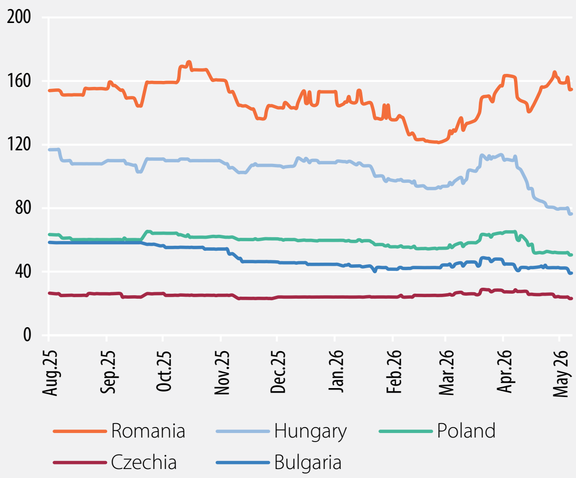
Assessments of public debt dynamics point to an unsustainable medium- and long-term path in a no-policy change scenario and to the need to continue implementing fiscal consolidation measures (Chart 1.14).

Chart 1.12. Yield spreads between 10-year government bonds of CEE countries and Germany



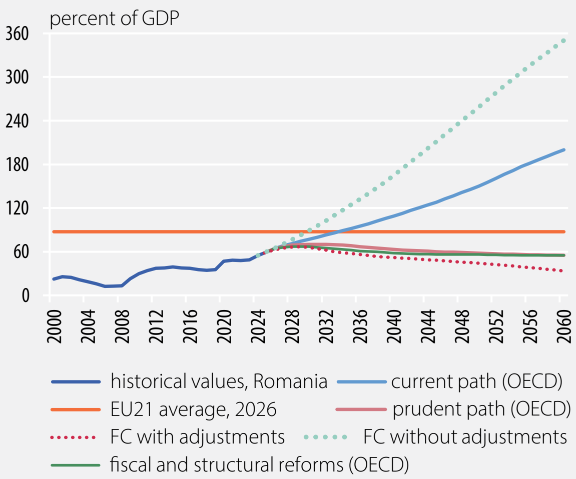
Source: Refinitiv, NBR calculations

Chart 1.13. Credit default swap (CDS) spreads in CEE countries



Source: Refinitiv

Chart 1.14. Public debt[44]



Source: OECD, Fiscal Council

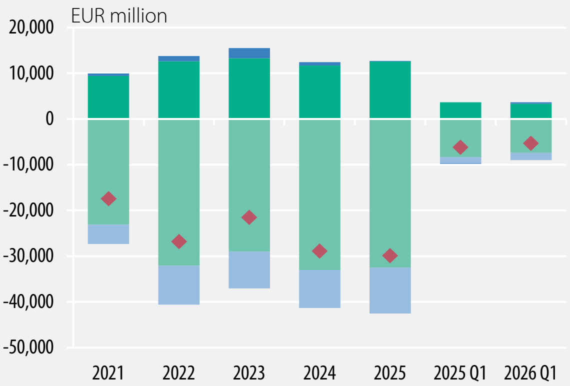
The main risk indicators associated with the public debt portfolio are within the indicative target ranges set in the Government Debt Management Strategy 2025-2027. However, the relatively high share of foreign currency-denominated public debt, the level of leu-denominated debt maturing in the short term and the still large gross financing needs pose significant vulnerabilities considering a potential deterioration in investor sentiment. The relevance of these risks to financial stability is enhanced by the strong sovereign-bank nexus, Romania exhibiting one of the highest shares of bank claims on the general government in bank assets across Europe (for more details, see also Chapter 3.1).

Fiscal consolidation is also important to mitigate external vulnerabilities, given the close relationship between the budget deficit and the current account deficit. In 2025, Romania recorded the largest current account deficit in the European Union, i.e. 7.9 percent of GDP (EUR 29.8 billion in nominal terms, up 3.4 percent year on year). In 2026 Q1, the current account deficit contracted by 13 percent versus the same year-ago period to EUR 5.3 billion amid the improvement in the trade balance, the deficit of which

44 The prudent path (OECD) refers to the fiscal consolidation scenario under EU rules; the fiscal and structural reforms (OECD) scenario presents the projection assuming fiscal consolidation and growth-enhancing structural reforms; FC with adjustments refers to the Fiscal Council projection under the scenario of compliance with EU fiscal rules; FC without adjustments shows the Fiscal Council projection under a no-policy change scenario.

shed 11.7 percent; the surplus on trade in services declined by 9 percent and the primary income balance showed a slightly larger deficit, while the secondary income balance moved into surplus (Chart 1.15).

Chart 1.15. Current account and its main components

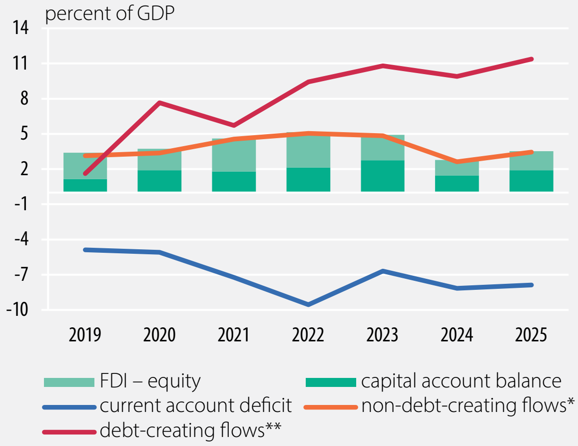


*) dividends and reinvested earnings related to firms controlled mostly by non-residents, interest on intercompany loans and external public debt

**) current private transfers and transfers of the general government

Source: NBR, NBR calculations

Chart 1.16. Current account deficit financing



*) Non-debt-creating flows were calculated as the sum of the capital account balance, direct investment in equity capital and equity portfolio investment.

**) Debt-creating flows were defined as the sum of direct investment debt instruments, portfolio investment debt instruments and other investment.

Source: NBR, NBR calculations

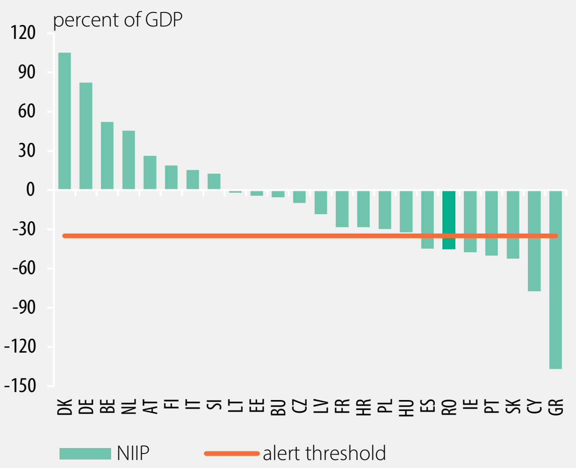
The high current account deficit, along with its relatively unfavourable financing structure, continues to be a source of vulnerability, amplifying the risks to financial stability in the event of a sudden stop in capital inflows. In 2025, non-debt-creating flows (accounted for by the capital account balance, direct investment in equity capital and equity portfolio investment) covered approximately 43 percent of the current account deficit, i.e. less than in the previous years (Chart 1.16). Although non-residents' direct investment posted positive developments, expanding by 45 percent to EUR 8.15 billion, the external deficit continued to be financed mainly through debt instruments. In January-February 2026, non-debt-creating flows covered 58 percent of the current account deficit, i.e. 8 percentage points higher than in the same year-earlier period.

The build-up of external imbalances was also reflected in Romania's worsening net international investment position, which widened from EUR -146 billion (-41 percent of GDP) at end-2024 to EUR -169.6 billion (-45 percent of GDP) in 2025 Q4. Romania's net international investment position continues to record a level beyond the alert threshold of -35 percent of GDP in the Macroeconomic Imbalance Procedure Scoreboard, ranking therefore among the Member States with a relatively high net debtor position at EU level (Chart 1.17).

In this context, the level of international reserves helps limit short-term risks. Romania's international reserves increased to EUR 80.28 billion in March 2026 (from EUR 77.02 billion in December 2025 and EUR 70.49 billion in December 2024).

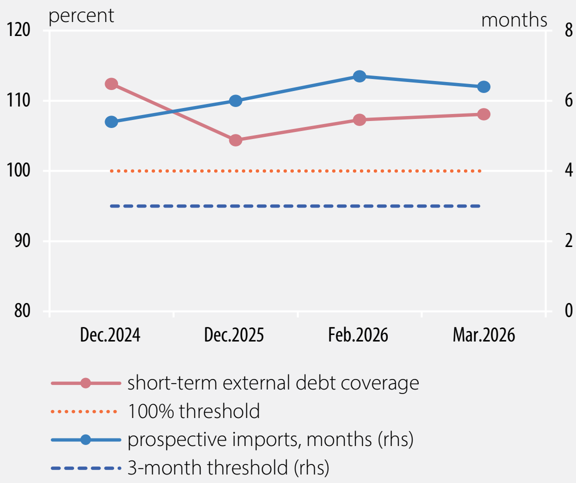
Adequacy indicators remained at comfortable levels. Goods and services import cover amounted to 6.4 months at end-March 2026, while the ratio of foreign exchange reserves to short-term external debt by remaining maturity stood at 108.1 percent (Chart 1.18). These values stand above the benchmarks used to assess the adequacy of reserves and indicate a good absorption capacity of adverse external shocks, without, however, diminishing the need to gradually adjust the external deficit and improve its financing structure. In the longer run, the sustainable correction of the external imbalance remains conditional on stronger export competitiveness, faster absorption of EU funds and the shift of investment towards higher value-added areas.

Chart 1.17. Net international investment position in the European Union (2025 Q4)



Source: NBR, Eurostat, NBR calculations

Chart 1.18. Reserve adequacy indicators



Source: NBR, NBR calculations

1.3. Non-financial sector indebtedness

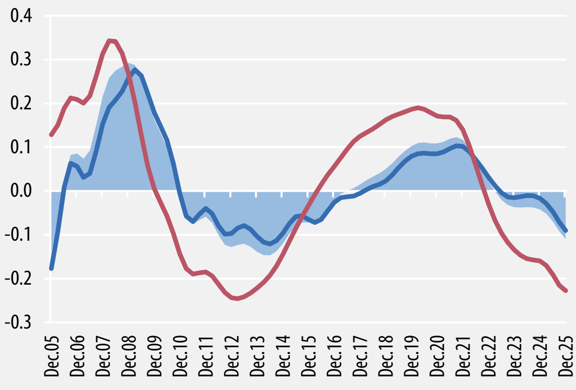
Romania's economy remains in the downward phase of the debt cycle, which began during the pandemic (Chart 1.19).

In 2025, the growth rate of private sector debt moderated to 5.6 percent, from 8.9 percent in 2024, with total debt[45] reaching lei 819.4 billion (approximately 43 percent of GDP, Chart 1.20). Household debt to financial institutions continued to expand at a pace similar to that recorded in the previous year (9.4 percent in 2025 versus 9.5 percent in 2024). By contrast, the annual dynamics of corporate debt from banks and non-bank financial institutions (NBFIs) eased to 5.1 percent, from 8.1 percent a year earlier.

Credit institutions remain the private sector's main source of financing, accounting for 74.4 percent of total financial debt of non-financial corporations and households. At the same time, NBFIs are playing an increasingly important role, with their share of total real sector debt advancing to 11.5 percent, from 10.6 percent in 2024.

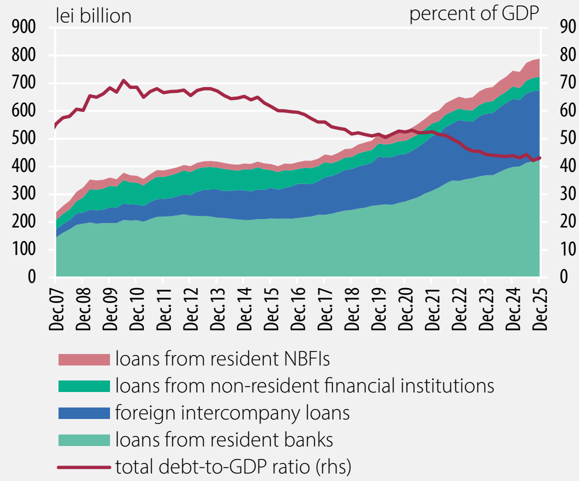
[45] Debt comprises loans from non-residents (external debt and intercompany loans) and residents (local financial institutions).

Chart 1.19. Real sector debt cycle[46]



Source: NBR, NBR calculations

Chart 1.20. Real sector debt



Source: NBR

Debt incurred from non-resident financial institutions continued to rise at a faster pace than that from local institutions (8.4 percent versus 7 percent in 2025), mainly on account of the increase in the external debt of non-financial corporations, which makes up 87.9 percent of the total. Furthermore, intercompany loans represent a significant component of debt, accounting for 31 percent of total private sector debt and 43 percent of non-financial corporate debt. However, the annual dynamics of this type of financing decelerated to 3.1 percent in 2025, from 10.5 percent a year earlier.

Chart 1.21. Credit to non-financial corporations as a share of GDP, European comparison, 2026 Q1

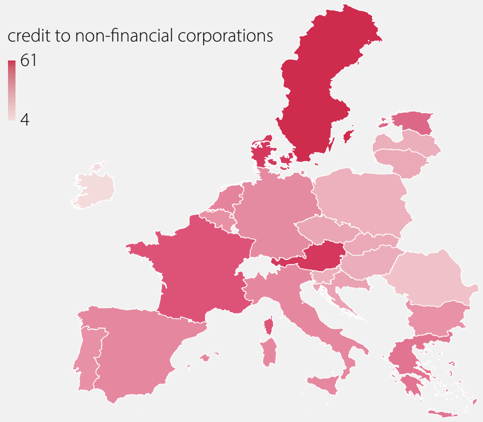
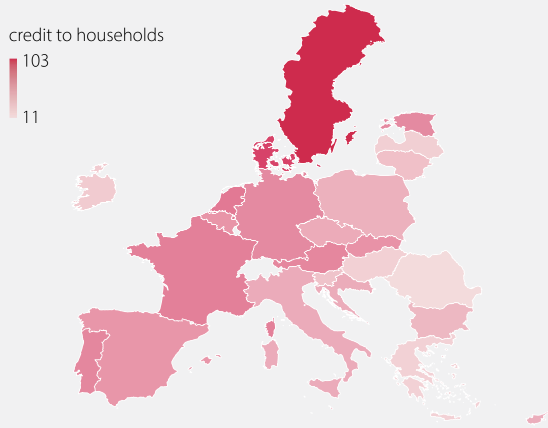


Chart 1.22. Credit to households as a share of GDP, European comparison, 2026 Q1



Note: For countries where GDP data for the 2025 Q2-2026 Q1 period were unavailable, the latest available period of four consecutive quarters (i.e. 2025 Q1-Q4) was used.

Source: ECB

The low level of financial debt in Romania further reflects the modest degree of financial intermediation compared to the other EU Member States. According to the latest data available for 2026 Q1, the private sector debt-to-GDP ratio in Romania continues to be the lowest in the European Union (22 percent at end-March 2026

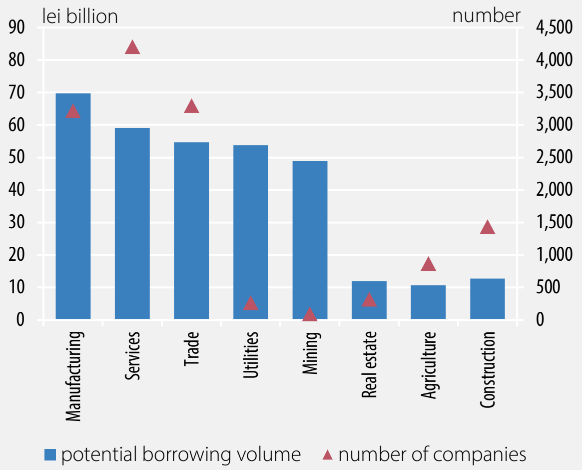
[46] The debt cycle is calculated using the Christiano-Fitzgerald filter assuming the length of the cycle is 14 years.

versus the EU average of 66 percent), and this holds true for both main lending segments, with the ratio standing at 11 percent for non-financial corporations and households alike (Charts 1.21 and 1.22). The gap remains particularly pronounced relative to economies in Western and Northern Europe.

Nonetheless, Romania has untapped lending potential. Of the approximately 27.8 thousand firms considered performing[47], nearly half of them (46 percent) reported no bank loans outstanding in March 2026. Performing companies generate more than half of gross value added and hire half of the economy's employees, despite accounting for only 3 percent of active firms. Performing firms that resort to bank financing outperform those with no bank credit in terms of both activity and financial indicators, with gross value added, turnover and net profit around 22 percent, over 50 percent and approximately 20 percent higher, respectively.

The borrowing potential of performing companies with low indebtedness[48] and room to sustainably increase their financing is estimated at around lei 321.5 billion. The breakdown by sector shows that the highest borrowing potential is concentrated in manufacturing, services, and trade, sectors that combine both substantial borrowing potential and a significant number of eligible companies. At the same time, the utilities and mining sectors stand out for their significant borrowing potential relative to a smaller number of eligible firms (Chart 1.23).

Chart 1.23. Potential borrowing volume of top-performing companies by sector (2024)



Source: NBR

Non-financial corporations in Romania continue to finance their operations primarily from internal funding sources[49], i.e. from temporarily available liquidity, retained earnings or proceeds from asset sales, which accounted for 79 percent of total financing sources in March 2025, slightly down from the previous year. Moreover, loans from shareholders or affiliated entities remain an important and relatively stable source, standing at approximately 20 percent.

Trade credit continues to be one of the main sources of finance used by companies operating in Romania, both in terms of balance sheet structure and firms' stated preferences[50]. Specifically, trade debt accounted for about 17 percent of companies' owners' equity and liabilities in 2024, despite the higher related costs and risks compared to bank financing. Furthermore, 15 percent of firms indicate frequent use of trade credit (September 2025), up from 11 percent a year earlier. Recourse to this form of financing is more pronounced among large companies (39 percent) and firms in agriculture (29 percent).

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47 Active firms ranking in the top 15 percent according to a score calculated based on net profit, wage costs and the number of employees in at least seven of the nine years analysed

48 Firms with debt lower than equity

49 NBR, *Survey on the access to finance of non-financial corporations in Romania*, June 2025

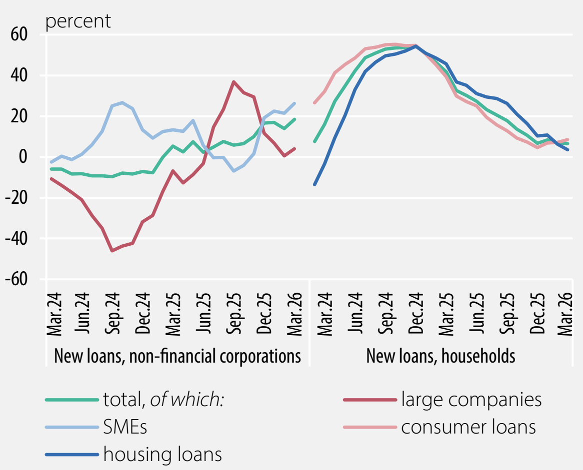
50 NBR, *Survey on the access to finance of the non-financial corporations in Romania*, December 2025

As regards business partners' willingness to extend trade credit, most firms reported that conditions remained relatively unchanged (72 percent in September 2025), while a similar share indicated no change in their own willingness to sell on trade credit. Nevertheless, the share of firms perceiving a deterioration in both their business partners' willingness to provide trade credit and their own willingness to extend it to customers increased slightly.

In this context, the relatively high reliance on trade credit highlights persistent structural vulnerabilities in the non-financial corporations sector, insufficient capitalisation among a significant number of firms and low financial literacy among entrepreneurs. Moreover, sound management of the risks associated with these trade relationships remains important for maintaining companies' financial resilience, especially during periods of uncertainty or when adverse shocks materialise.

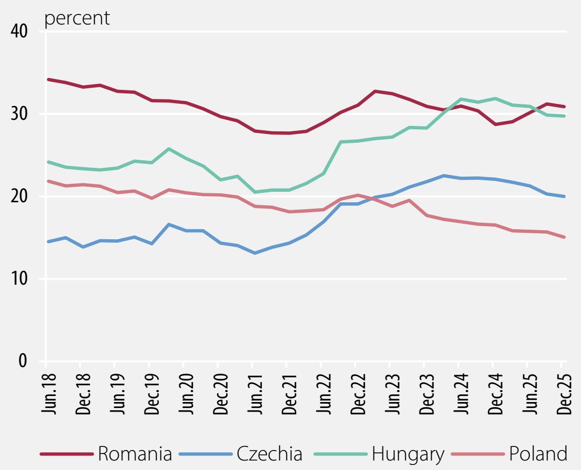
In 2022, the National Committee for Macroprudential Oversight (NCMO) established the Working Group on sustainable increase in financial intermediation[51], with a view to identifying the key structural constraints limiting the development of financial intermediation in Romania and formulating lines of action to support the sustainable financing of the economy. The proposed measures aimed to support the transition to a higher value-added economy, including through more efficient use of EU funds, strengthen financial literacy and the professional training of financial system staff, and sustainably diversify financing sources so as to enhance financial intermediation.

Chart 1.24. Annual dynamics of 12-month flows of new bank loans by borrower



Source: NBR, NBR calculations

Chart 1.25. Share of foreign currency-denominated loans in total loan stock, regional comparison



Source: ESRB, NBR calculations

The 12-month flow of new bank loans followed an upward path over the past year in both main segments, namely non-financial corporations and households. Among non-financial corporations, the annual dynamics of new credit flows entered positive territory in March 2025, owing to developments in new loans to large companies, which account for an average of 35 percent of the flow of new loans to non-financial corporations. At the same time, the annual pace of increase of the flow of new loans

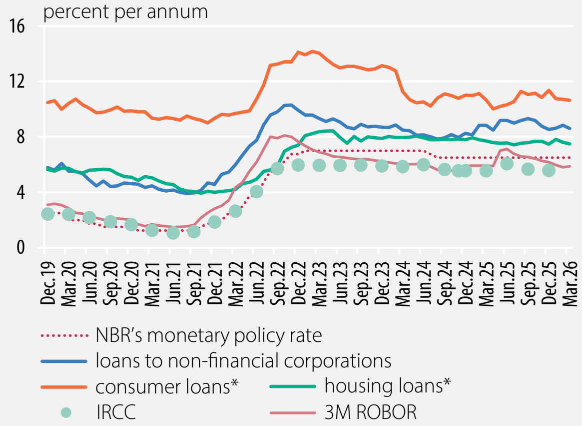
[51] NCMO Recommendation No. R/3/2022 on the sustainable increase in financial intermediation

to households has moderated recently compared to the levels recorded in 2024 H2 (Chart 1.24). In March 2026, the annual growth rate of the 12-month flow of new loans was more than twice as high for non-financial corporations (+18.4 percent) as for households (+6.6 percent).

The share of foreign currency lending in the Romanian banking sector's loan portfolio remains elevated, ranking recently among the highest in the region (Chart 1.25). This form of lending is significantly more important among non-financial corporations, accounting for more than 50 percent of their total loan stock in March 2026, compared with only 7 percent in the case of households. A persistently high share of foreign currency financing may amplify vulnerabilities associated with currency risk, particularly in the event of adverse shocks. When assessing these risks, one should look at firms' capacity to absorb such shocks and the extent to which these companies' foreign currency exposures are hedged through their business activities or specific hedging instruments.

At end-2025, local banks[52] reported a tightening of credit standards for loans and credit lines to the real sector, mainly due to changes in the share of non-performing loans in their portfolios, expectations regarding the general economic situation, and the risk associated with borrower's creditworthiness. Nevertheless, loan demand from non-financial corporations rose in 2025 Q4, while banks expect credit standards to remain broadly unchanged in 2026 Q1 for both non-financial corporations and households. In 2025 Q4, the increase in loan demand was more pronounced among large companies, but banks expect it to moderate for non-financial corporations at aggregate level in 2026 Q1.

Chart 1.26. Interest rates on leu-denominated bank loans and the NBR's monetary policy rate



*) average annual percentage rate of charge

Source: NBR

Looking at loans to households, the tightening of credit standards stemmed from the consumer loan segment, with expectations pointing to an easing in the following quarter. From the banks' perspective, the risk on borrower's creditworthiness was the factor behind the tightening. Together with weaker demand for consumer loans in 2025 Q4, a trend expected to persist in the subsequent quarter, this suggests caution on both supply and demand sides in this lending segment. Credit standards remained unchanged for housing loans, while household demand for loans for house and land purchase edged down, driven mainly by the general level of interest rates, loan refinancing or restructuring, and loan renegotiation.

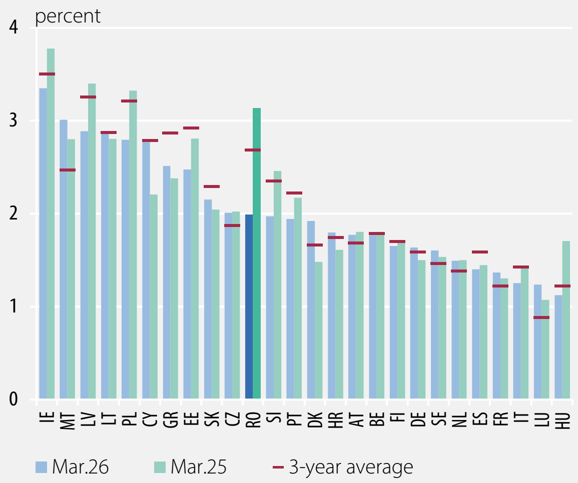
Firms' borrowing costs decreased marginally in March 2026 compared with the same period a year earlier, for both leu-denominated loans (-0.2 percentage points) and euro-denominated loans (-0.4 percentage points). At the same time, currency risk is

52 NBR, *Bank Lending Survey*, 2025 Q4

becoming increasingly relevant amid developments in the composition of new credit flows, with foreign currency financing accounting for over 60 percent of these flows in recent months.

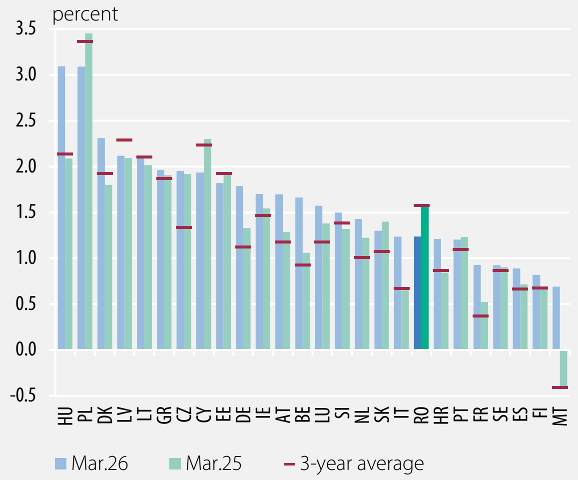
Turning to households, the interest rate on housing loans followed a downward trend compared to a year earlier (-0.2 percentage points), while that on consumer loans remained relatively stable. For housing loans, interest rates are based on the quarterly benchmark index for loans to consumers (IRCC), which is adjusted with a delay. The IRCC stood at 5.58 percent at end-2025 (up 0.03 percentage points from end-2024).

Chart 1.27. Lending margins, loans to non-financial corporations



Source: ESRB, ECB, NBR calculations

Chart 1.28. Lending margins, housing loans



Source: ESRB, ECB, NBR calculations

From a European perspective, lending margins on loans to the real sector in Romania are comparable to those in other Member States. These margins trended downwards in March 2026, standing at 2 percentage points for loans to non-financial corporations, in line with the EU average and down 1.1 percentage points from the same period of the previous year (Chart 1.27), while those on housing loans came in at 1.2 percentage points, against an EU average of 1.6 percentage points, marking a decline of 0.3 percentage points from March 2025 (Chart 1.28).

2. REAL SECTOR

According to the financial statements for 2025 H1, the financial health measure of non-financial corporations, although running comfortably above the risk threshold at aggregate level, worsened slightly from the same year-earlier period. This reflects the deterioration of some relevant financial indicators, such as the smaller net profit margin (by about 0.6 percentage points against the year earlier, reaching 4.6 percent in June 2025) and the higher level of indebtedness of non-financial corporations (140.5 percent, up 5.4 percentage points, in June 2025 versus June 2024), indicating a decrease in the financial resilience of the sector. The quality of banks' corporate loan portfolio has worsened recently. The non-performing loan ratio for exposures to non-financial corporations reached 5.6 percent at end-March 2026, up 1.2 percentage points from the same period in the year before.

Households' vulnerabilities remain low, with the composite indicator reflecting high resilience, supported by sustainable indebtedness and robust savings. Nevertheless, the slower disposable income growth and heightened inflationary pressures caused the composite indicator to deteriorate slightly. Households' net wealth continued to rise, but lost some momentum against the previous years (7.5 percent in 2025 versus 10.5 percent in 2024, 11 percent in 2023 and 12.4 percent in 2022). Household deposits with banks picked up further to lei 413.7 billion in March 2026, albeit at a slower annual pace (8.1 percent versus 10.7 percent in March 2025). Furthermore, the distribution of deposits was still highly concentrated at end-2025, with only 0.6 percent of depositors holding 29 percent of total bank savings. The quality of bank loans to households improved in the first months of 2026 compared to the previous year, with the non-performing loan ratio falling to 2.9 percent in March 2026, down by approximately 0.1 percentage points from the same year-earlier period.

The residential real estate market was further active in 2025 Q4 as well as in early 2026 (January-March), yet the mismatch between housing demand and supply continued to put pressure on prices. The banking sector's exposure to the residential real estate market remained significant (61 percent, March 2026). The housing loan market featured high concentration, with about 61 percent of total loans for house purchase and 55 percent of the flow of such loans being granted to borrowers in the main regional centres. Access to the housing loan market was further relatively easy, with mixed developments, however, at regional level.

In 2025, the investment volume in the commercial real estate market amounted to EUR 532 million, down 27 percent in annual terms. The commercial real estate market remained significant for banks' corporate loan portfolio, accounting for 54 percent of the stock of loans to non-financial corporations in March 2026 (lei 116 billion, up 15 percent in annual terms). The quality of the CRE loan portfolio has gradually deteriorated since 2025, similarly to that of the aggregate portfolio of loans to non-financial corporations, with the non-performing loan ratio reaching 6.2 percent in March 2026 (+1.1 percentage points from March 2025). The NPL ratio for indirect exposures was almost twice as high as that for direct exposures, at 7.6 percent versus 4 percent in March 2026.

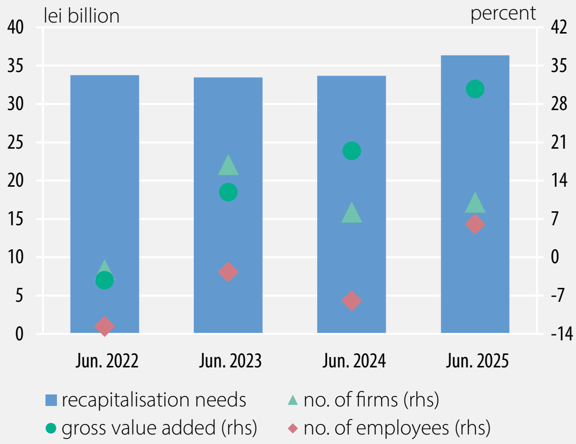
2.1. Non-financial corporations

2.1.1. Non-financial corporations' economic and financial performance

Non-financial corporations in Romania have continued to face multiple challenges. A decline in profitability, generated by the rise in operational and wage costs (+10.7 percent in annual terms for daily operating expenses and +15.4 percent for wage expenses in June 2025), and a highly uncertain macroeconomic and geopolitical context were among the main difficulties affecting companies in Romania. Companies considered production and labour costs to be the most pressing problems, followed by market challenges such as finding customers. The challenges posed by the applicable fiscal and regulatory framework were also viewed by companies to be significant[53].

Undercapitalised companies took only 9 percent of the total number of companies in June 2025 compared to 32.6 percent at end-2024, which indicates that most of these companies are not included in the mid-year reporting exercise. Firms' recapitalisation needs economy-wide amounted to lei 160.5 billion at end-2024, while the recapitalisation needs of firms that reported in June 2025 (taking 84 percent of total turnover) totalled lei 36.4 billion (up 8 percent in annual terms and accounting for 22.7 percent of refinancing needs at end-2024).

Chart 2.1. Dynamics of the relevance to the economy of undercapitalised companies in Romania and their recapitalisation needs



Source: NBR, MF, NBR calculations

In this context, undercapitalised companies have remained a structural vulnerability in the economy, as capital shortfall limits firms' capacity to react and adapt to shocks and may lead to negative spillovers across companies. The financial statements as at June 2025[54] show an increase in the relevance of undercapitalised companies to the economy, given their dynamics in terms of GVA, number of firms and number of employees coming in at approximately 31 percent, 10 percent and 6 percent, respectively (Chart 2.1).

In terms of economic activity, undercapitalised companies were not highly significant, making up only 6.4 percent of gross value added in the

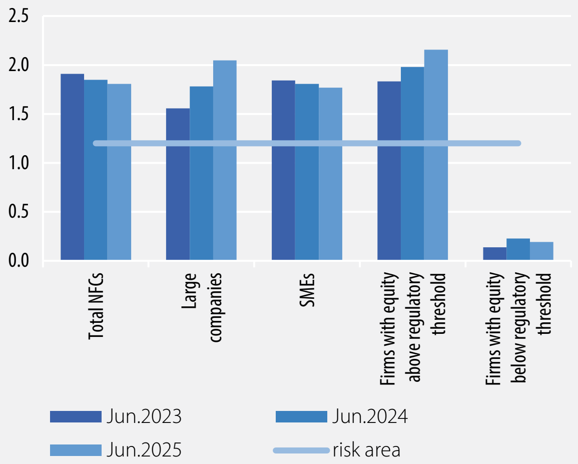
53 NBR's *Survey on the access to finance of non-financial corporations in Romania*, December 2025

54 The companies that submitted financial statements for 2025 H1 refer to companies with a turnover of at least EUR 1 million. In June 2025, their number amounted to 42,706 companies, accounting for 84 percent of total turnover recorded at end-2024 and holding 77 percent of total assets.

economy, but generated a high level of overdue payments, both to the general government budget (about 35 percent of total) and to suppliers (37.3 percent). These companies also put pressure on their funding sources, which must cover the capital shortfall in addition to the business model needs. This need of undercapitalised companies was met by substantial amounts of trade debt and other debt, accounting for 31 percent and 37 percent of total assets respectively in June 2025, almost two and three times higher, respectively, than the corresponding shares for the non-financial corporations sector.

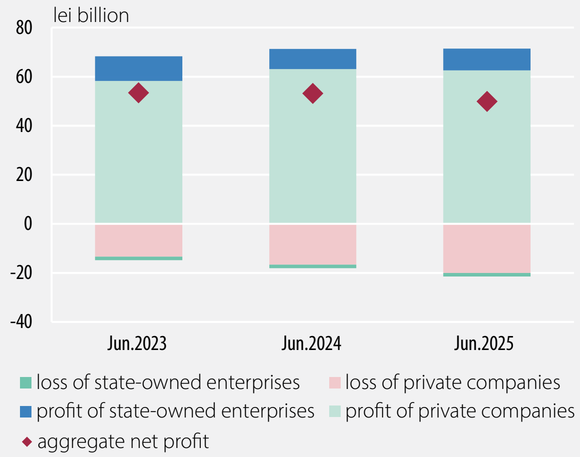
Under the circumstances, in order to mitigate vulnerabilities in companies' balance sheets, increase the financial health of the business environment in Romania and, implicitly, improve the overall image of the sector, it is of the essence to tackle the functioning of companies with equity below the regulatory threshold. The package of fiscal measures adopted by the government in September 2025 also addressed this issue. These measures, in conjunction with those aimed at simplifying the market exit, can help reduce the number of undercapitalised companies, especially in the case of firms used for fiscal optimisation and tax evasion purposes.

Chart 2.2. Overall financial health measure of non-financial corporations (Z-score)



Source: MF, NBR, NBR calculations

Chart 2.3. Net profit or loss of non-financial corporations by ownership



Source: MF, NBR calculations

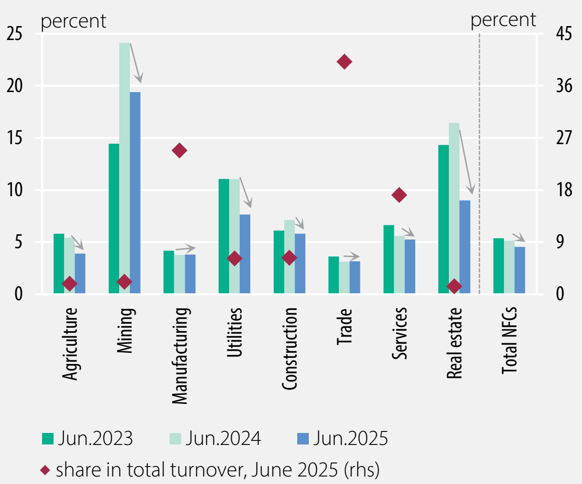
According to mid-2025 data, the financial health measure of non-financial corporations[55] was comfortably above the risk threshold at aggregate level, although it deteriorated slightly as compared to June 2024 (Chart 2.2). This was attributed to the asset turnover (sales-to-total assets ratio), the equity-to-debt ratio and the return on assets. The breakdown by company size showed the same negative dynamics for large companies and SMEs, with the former reporting a better financial health. However, in both segments, the financial health measure was above the 120 percent risk threshold.

[55] The overall financial health measure of the non-financial corporations sector was determined based on the methodology developed by Edward I. Altman, "Predicting financial distress of companies: Revisiting the Z-score and ZETA models", 2000. Considering that the non-financial corporations sector in Romania comprises overwhelmingly unlisted firms, the indicator was calculated by using the method adapted for private companies. Z-score was built based on the following formula: $Z' = 0.717(X1) + 0.847(X2) + 3.107(X3) + 0.420(X4) + 0.998(X5)$, where: X1 – Net current assets/Total assets; X2 – Net retained earnings/Total assets; X3 – EBIT/Total assets; X4 – Equity/Debt; X5 – Sales/Total assets.

The aggregate net profit of non-financial corporations decreased versus the same period of 2024 (by lei 3.3 billion, from lei 53.2 billion in June 2024 to lei 49.9 billion). By firm's ownership, however, the aggregate net profit showed mixed developments. Thus, companies with private capital posted negative dynamics, down by lei 3.9 billion, while companies with state capital recorded a higher aggregate net profit by about lei 600 million (Chart 2.3). Approximately 85 percent of the aggregate net profit owed to private companies.

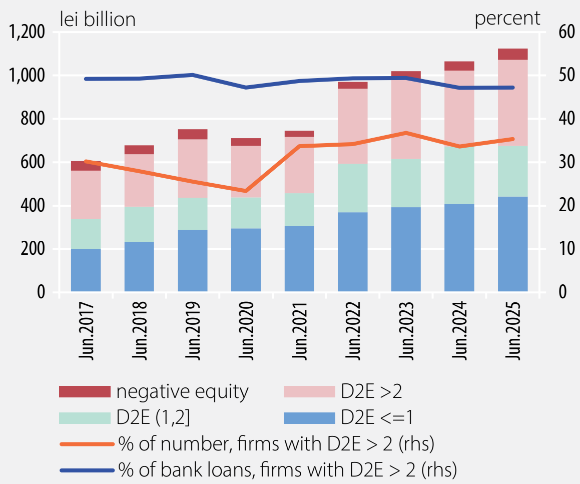
The net profit margin declined for non-financial corporations overall by around 0.6 percentage points against the year earlier, reaching 4.6 percent in June 2025. At sectoral level, the dynamics were similar, with real estate companies, mining and utilities companies being the most affected (-7.4 percentage points, -4.7 percentage points and -3.4 percentage points, respectively); manufacturing and trade were the only sectors that recorded increases, albeit insignificant (0.03 percentage points) (Chart 2.4). Mining was the most profitable sector (19.4 percent), followed by real estate (9 percent) and utilities (7.7 percent), while trade firms, which generate the largest share of turnover in the economy, posted a 3.2 percent net profit margin.

Chart 2.4. Net profit margin by business sector



Source: MF, NBR calculations

Chart 2.5. Distribution of turnover by level of indebtedness (D2E)



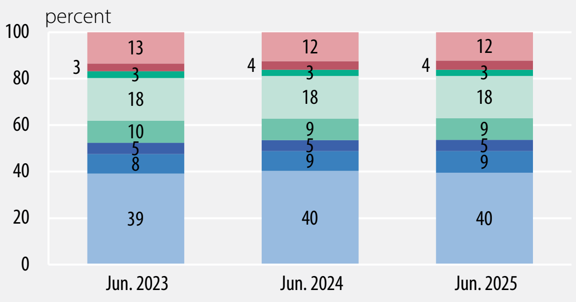
Source: MF, NBR calculations

Corporate debt was on an upward trend, with firms' level of indebtedness (debt-to-equity ratio) reaching 140.5 percent in June 2025, up 5.4 percentage points from June 2024. Looking at the distribution of firms, the share of companies with a level of indebtedness above the 200 percent signalling threshold went up to approximately 35 percent in terms of both number (up 1.7 percentage points versus June 2024) and turnover (up 2.3 percentage points), Chart 2.5.

The financing structure of non-financial corporations has continued to pose challenges to the business environment in Romania. Trade debt has been the main source of external financing. From this perspective, the increasing trend in the payables payment period and in the receivables collection period can be challenging. In June 2025, equity accounted for the largest share in the liabilities and owners' equity of non-financial corporations in Romania (40 percent), followed by trade debt (18 percent), which is twice as much the financing received from financial institutions in Romania – still at a modest level (9 percent), Chart 2.6.

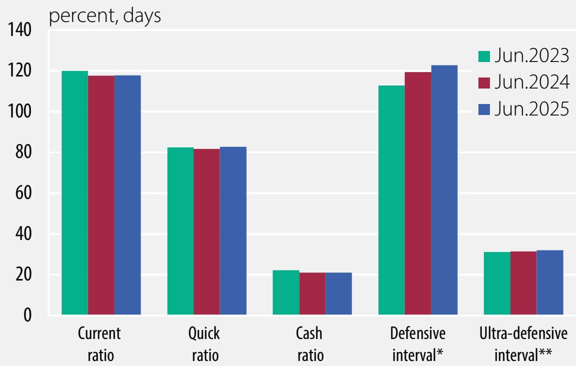
Firms' loan repayment capacity deteriorated slightly in 2025 H1, with the interest coverage ratio (ICR), calculated as the EBIT-to-interest expenses ratio, reaching 541 percent in June 2025, i.e. 32 percentage points lower than in the previous year and 118 percentage points below the June 2023 reading. The number of vulnerable companies[56] went up by 10 percent in annual terms, accounting for 36 percent of the total number of firms reporting interest expenses.

Chart 2.6. Composition of liabilities and owners' equity of non-financial corporations



Source: MF, NBR calculations

Chart 2.7. Firms' main liquidity indicators



*) defensive interval = current assets (excl. inventories)/ daily operating expenses (days)

**) ultra-defensive interval = liquid assets/daily operating expenses (days)

Source: MF, NBR calculations

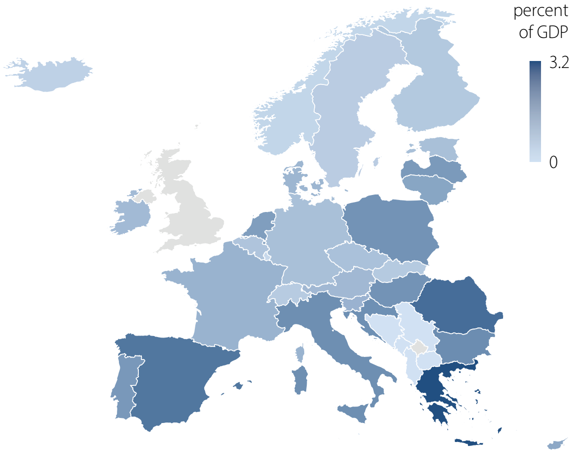
The liquidity of non-financial corporations in Romania remained at satisfactory levels in the first six months of 2025, improving marginally compared to the same year-earlier period. The current ratio amounted to 117.8 percent overall, similarly to 117.7 percent in June 2024, standing at a relatively comfortable distance from the 100 percent signalling threshold, while the quick ratio (which excludes inventories) reached 82.8 percent, i.e. 1.1 percentage point higher than in the prior year (Chart 2.7). At the same time, the defensive interval ratio (DIR), which measures how long a company can continue to operate using only its current assets to cover its daily expenses, was 122 days (+3 days versus June 2024). The ultra-defensive interval ratio, i.e. the stricter indicator, which takes into account only firms' most liquid assets, was 32 days. Nevertheless, the breakdown shows that the number of firms with liquidity below the 100 percent signalling threshold rose by about 10 percent versus June 2024 and their share in turnover expanded to 27 percent (+2 percentage points versus June 2024), while their share in the number of employees decreased by 1 percentage point versus June 2024 to 29 percent.

[56] Non-financial corporations vulnerable to interest rate hikes refer to firms with an interest coverage ratio below 2.5, including loss-making firms.

Box 1. Analysis of companies in the Romanian agricultural sector

In recent years, the European Union's agriculture has faced major challenges that have reshaped the entire sector. The significant drop in the number of farms and progressive automation have reduced the labour share, while economic pressures and higher production costs have considerably affected farmers' incomes. Extreme climate events and the variability in production have enhanced risks to food security, and price fluctuations and rising living costs have made people's access to food more difficult. In parallel, the adoption of modern technologies and the digitalisation of agricultural processes have prompted rapid adaptation and substantial investment to maintain European competitiveness.

Chart A. Gross value added of agriculture to GDP ratio, European comparison (2024)



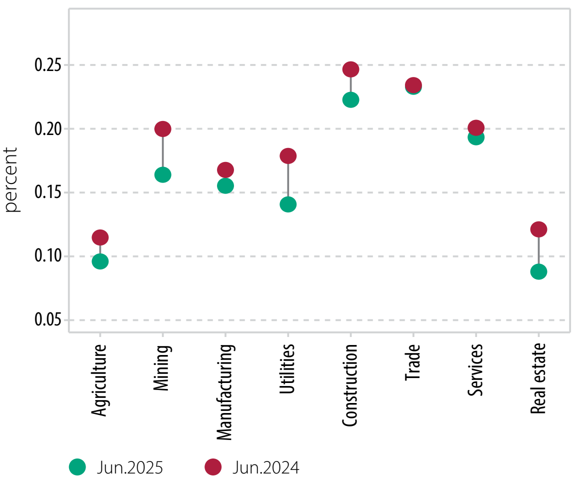
Source: Eurostat

In 2024, the value added of the agricultural sector to GDP ratio was markedly higher in Greece (3.2 percent), Romania (2.5 percent) and Spain (2.3 percent) than in other Member States (Chart A). However, between 2009 and 2024, the relative share of agriculture saw the largest contraction in Romania (-2.2 percentage points), followed by Bulgaria (-1.4 percentage points), Malta and Croatia (-0.7 percentage points in each of them).

In Romania, agriculture is a key segment for economic development and food security, and potential economic or climate risks can induce vulnerabilities within this economic sector. At present, firms in agriculture account for 2 percent of the GVA generated by non-financial corporations (December 2024). At the same time, they contribute 2.4 percent of turnover and hire 3 percent of firms' employees, similarly to the shares reported in the previous years. Wage costs went up (+5 percent) amid the hike in the minimum wage economy-wide, with the agricultural sector accounting for one of the largest shares of minimum wage employees. Between 2022 and 2024, Law No. 135/2022 granted farmers and employees in the agricultural sector significant tax breaks, such as income tax exemptions and reductions in social contributions, thus helping boost employment in the field. As of 2025, these incentives have been removed, as a result of the tax reform, and wage incomes in agriculture are currently subject to taxation and social contributions according to the general rules.

The financial standing of firms in agriculture posted unfavourable developments at aggregate level over the past two years. Agriculture companies recorded a significant drop in profitability, as shown by the return on equity (ROE amounted to 9.6 percent in June 2025, down by about 2 percentage points from June 2024) and the return on assets (ROA equalled 3.8 percent, 1 percentage point lower than in the previous year). Thus, agriculture has become the second least profitable segment of the economy (Chart B). The deterioration in the financial standing is also indicated by the evolution of other financial indicators. The level of indebtedness rose by 6 percentage points to 153 percent (Chart C). From the perspective of value chains, firms in agriculture reported a payables payment period 28 days longer in June 2025 than two years prior, also owing to a greater number of days needed for inventory conversion (197 days, 21 days longer than in 2023) and an increasing receivables collection period (148 days, 18 days more than in 2023), i.e. significantly above the value posted by non-financial corporations overall (86 days in mid-2025).

Chart B. ROE by sector



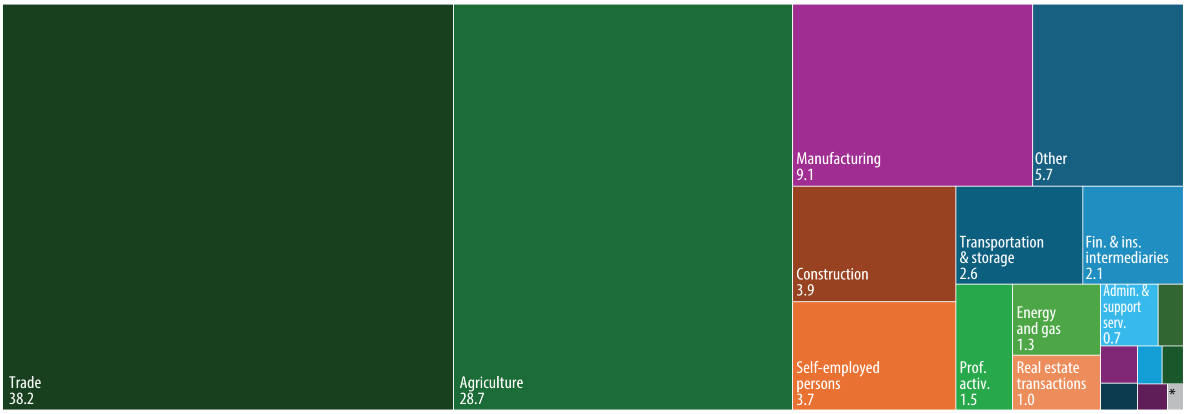
Source: MF, NBR calculations

Chart C. Debt-to-equity ratio by sector

Source: MF, NBR calculations

From the perspective of downstream trade, agriculture is largely dependent on trade and intra-industry trade, and the lower share of sales to the food industry further shows agricultural firms' focus on commodity sales rather than on areas that can add more value domestically.

Chart D. Main supplier sectors for agriculture, percent (2024)



Information and communication – 0.3
Public entities – 0.3
Mining – 0.2
Water supply – 0.2
Accom. & food serv. – 0.2
Other services – 0.2
*) sectors with values less than 0.2 percent: Financial institutions, Public admin. & defence, Education, Healthcare, Arts, entertainment & recreation, Household activ., Extraterritorial activ.

Source: NAFA, NBR calculations

In the upstream supply chain, companies in agriculture are a relatively significant link for a number of sectors. In 2024, these companies purchased, via 2.9 million transactions (out of a total of 90.6 million reported transactions), goods and services in total amount of lei 53.6 billion (accounting for 3.3 percent of total goods and services sold at national level). The most important supplier sectors refer to: (i) trade (accounting for 38.2 percent of total purchases), (ii) agriculture (28.7 percent), (iii) manufacturing (9.1 percent), (iv) construction (3.9 percent), and (v) self-employed persons (3.7 percent), Chart D.

Agriculture takes 8.2 percent of loans to non-financial corporations (lei 17.7 billion), most of which are cash loans (48.2 percent) and equipment loans (23.6 percent). Agricultural loan portfolio quality has gradually deteriorated starting with October 2024, when the non-performing loan (NPL) ratio stood at 2.7 percent, reaching 9.8 percent in March 2026, above the level recorded by non-financial corporations on aggregate (5.6 percent). This was mainly driven by the increase in the unlikeliness to pay component by 115 percent in a month (December 2025), reflecting banks' expectations on the deterioration of the sector's financial conditions and the increase in the default risk amid cost, production and liquidity pressures.

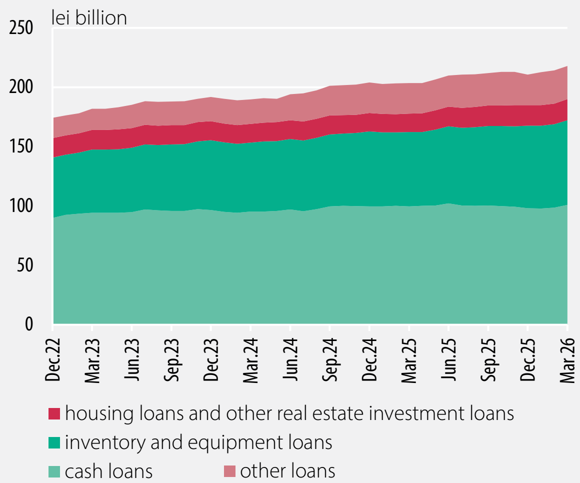
2.1.2. Financial discipline of non-financial corporations

Lending to non-financial corporations in relation to banks

The stock of loans to non-financial corporations increased moderately in the first three months of 2026. The annual growth rate of the loan stock stood at 6.4 percent in March 2026, 1.1 percentage points higher than that in the previous *Report* (5.3 percent in September 2025). This positive trend was driven by foreign currency-denominated loans, which expanded by 20.2 percent in March 2026 against the same year-ago period, 5 percentage points faster than in September 2025. By contrast, the stock of leu-denominated loans contracted by 6.8 percent in March 2026, year on year.

The breakdown by type of loan shows that the advance in the loan stock was supported primarily by investment loans (financing equipment purchases), which rose by 19.5 percent in March 2026 from a year earlier and came to account for 30.8 percent of the corporate loan portfolio (+3.3 percentage points versus March 2025). At the same time, working capital (cash) loans grew by a modest 1.1 percent in annual terms, while their share in total bank exposures to non-financial corporations fell by 2.4 percentage points from March 2025 (Chart 2.8).

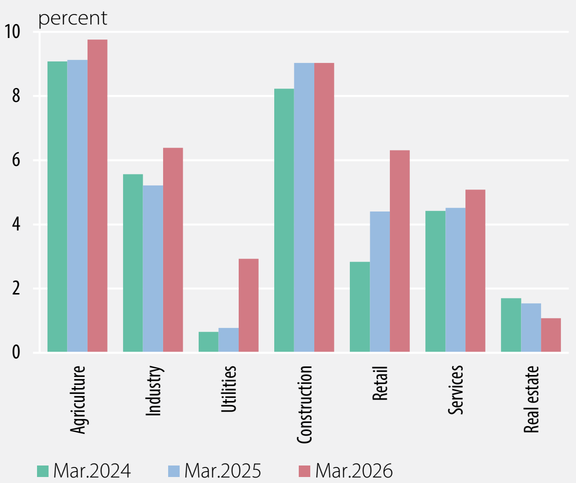
Chart 2.8. Stock of loans to non-financial corporations by loan type



Source: NBR

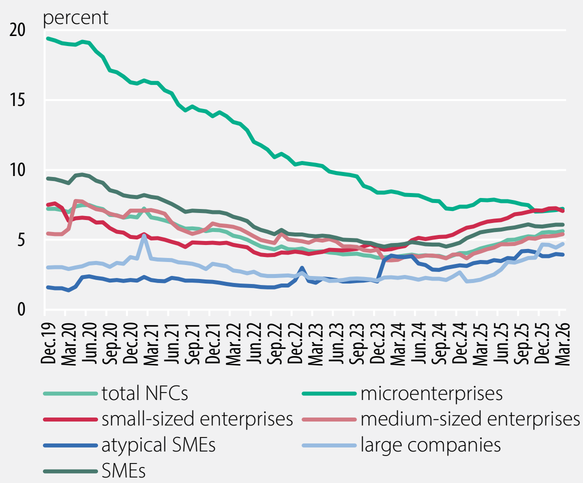
Amid worsening macroeconomic conditions, the quality of the portfolio of bank loans to non-financial corporations has deteriorated recently. The non-performing loan (NPL) ratio for exposures to non-financial corporations reached 5.6 percent at end-March 2026, up 1.2 percentage points from March 2025. This was driven by increases in both components of non-performing exposures, with unlikely-to-pay exposures soaring by 37.7 percent and exposures more than 90 days past due going up by 20.2 percent year on year (March 2026).

Chart 2.9. NPL ratio for the corporate portfolio by business sector



Source: NBR, MF, NBR calculations

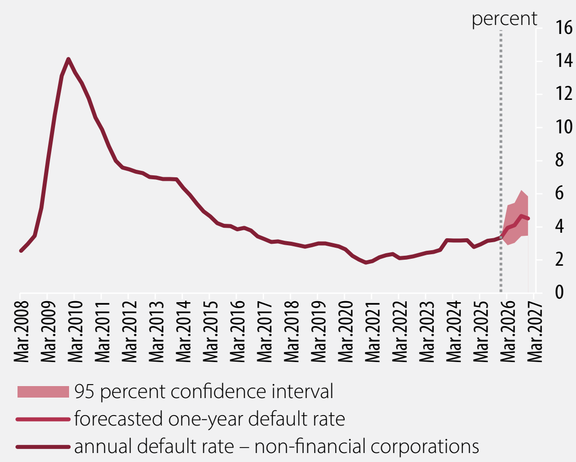
Chart 2.10. NPL ratio for the corporate portfolio by size



Source: NBR, MF, NBR calculations

With the exception of the real estate sector, NPL ratios deteriorated across all business sectors in March 2026 compared to the same year-ago period. Agriculture recorded the highest NPL ratio (9.8 percent, up 0.6 percentage points from March 2025), followed by construction (9 percent, unchanged from a year earlier) and industry (6.4 percent, up 1.2 percentage points from March 2025). At the other end of the spectrum, the real estate sector posted the lowest NPL ratio, at 1.1 percent (down 0.5 percentage points from the same year-ago period) (Chart 2.9).

Chart 2.11. Annual default rate and one-year forecast, the non-financial corporations sector



Source: NBR, MF, NBR calculations

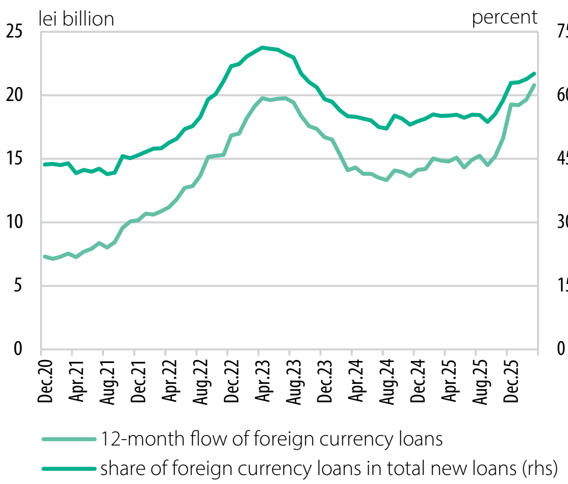
The breakdown by company size shows that portfolio quality worsened across most categories, with micro-enterprises displaying the highest NPL ratio. At end-March 2026, the NPL ratio for this category stood at 7.2 percent, 0.6 percentage points lower than a year earlier, signalling some improvement. The NPL ratio was the lowest for large companies (4.7 percent in March 2026), although it increased by 2.6 percentage points from March 2025 (Chart 2.10).

The annual default rate for non-financial corporations stood at 3.4 percent in March 2026, 0.6 percentage points above its March 2025 level. According to the baseline macroeconomic scenario, credit risk is expected to pick up over the year ahead, with the average probability of default being estimated at 4.5 percent in March 2027 (Chart 2.11).

Box 2. Foreign currency lending to non-financial corporations in Romania

The foreign currency-denominated loan portfolio calls for closer monitoring compared to the leu-denominated loan portfolio given the exposure to exchange rate risk. Throughout 2025 and in the first three months of 2026, foreign currency lending regained momentum, amid *inter alia* the ECB's policy easing cycle. Specifically, the 12-month flow of new foreign currency loans came in at lei 20.8 billion in March 2026, up 40 percent year on year, accounting for 65.1 percent of the total flow of new loans to non-financial corporations (Chart A). Moreover, the share of foreign currency exposures in total bank exposures to non-financial corporations ran at 52.6 percent, 6.4 percentage points higher than in March 2025.

Chart A. Flow of new foreign currency loans



Source: NBR, MF, NBR calculations

The breakdown by sector shows that, in March 2026, forex loans made up the largest share in real estate (93.4 percent), which naturally hedges against currency risk, as property prices are expressed in euro on the local market. Next in line were industry (64.4 percent of total loans granted to this sector) and services (46.7 percent).

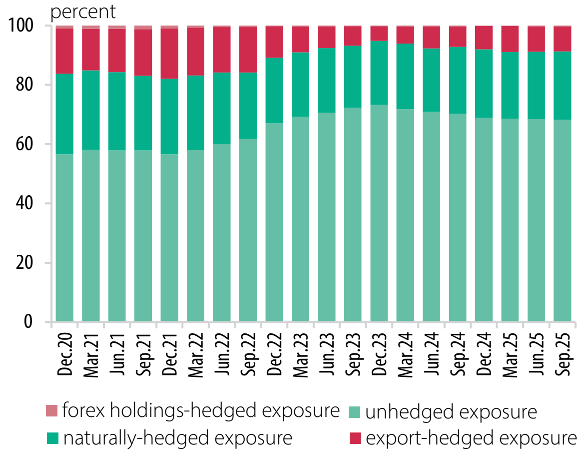
The quality of foreign currency loans remains better than that of leu-denominated loans, yet non-performing exposures have increased. The NPL ratio for foreign currency loans stood at 4.1 percent in March 2026, 0.8 percentage points higher than in the same year-ago period. Non-performing exposures posted faster annual dynamics for loans in foreign currency than those in lei in terms of both unlikeliness to pay (48.7 percent versus -0.1 percent) and loans overdue by more than 90 days (60.4 percent versus 54.7 percent).

Hedging[57] of foreign currency exposures is further moderate. At the end of 2025 Q3, the degree of hedging system-wide stood at 31.7 percent, 1.9 percentage points higher than at end-2024 Q3 (Chart B). Naturally hedged exposures are the main source of hedging, accounting for 23 percent of banks' foreign currency exposures in 2025 Q3. The distribution of banks by degree of hedging and NPL ratio is relatively dispersed, but most of them are concentrated around the mean

[57] Export-hedged companies are those whose net export-to-debt service ratio is higher than 0.5. Naturally hedged companies are those operating in sectors where prices are expressed in euro on the domestic market. These sectors include telecommunications, motorcar sales, real estate and operational leasing. The firms hedged by foreign currency holdings are those whose cash and current accounts in foreign currency, as reported in the annual financial statements, exceed half of the annual debt service. Each hedged firm is classified in only one category to avoid double counting across hedging types.

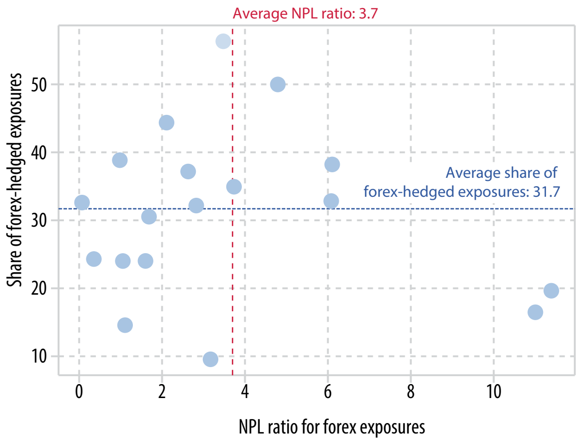
in terms of both the NPL ratio and the degree of hedging. Institutions with moderate NPL ratios and average hedging levels form a cluster, while only two banks are detected at the extreme end, with high NPL ratios and very low degrees of hedging, but both are, however, of systemic importance (Chart C).

Chart B. Composition of foreign currency exposures to NFCs by degree of hedging



Source: NBR, MF, NIS, NBR calculations

Chart C. Distribution of banks with forex exposures higher than lei 500 million by degree of hedging and NPL ratio, September 2025



Source: NBR, MF, NIS, NBR calculations

Over the period ahead, the National Bank of Romania will continue to closely monitor the portfolio of foreign currency loans to non-financial corporations, and, should related vulnerabilities to financial stability build up, will examine the appropriateness of calibrating and implementing macroprudential policy instruments to keep their effects at bay.

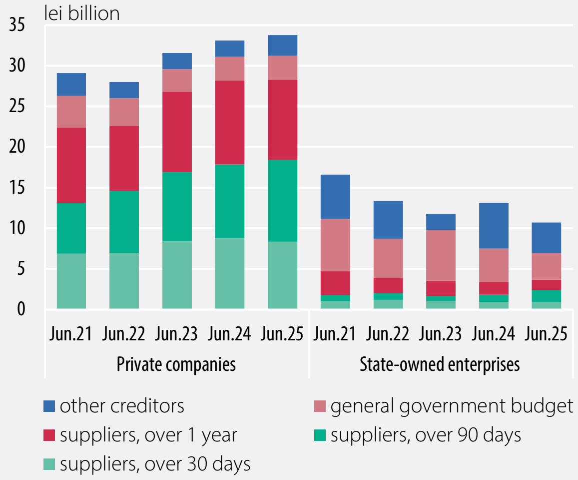
Payment discipline in the economy

Overdue payments decreased slightly in the first part of 2025. Economy-wide, they stood at lei 44.5 billion in June 2025, down 3.8 percent from June 2024. The improvement in aggregate overdue payments was driven by those of state-owned enterprises, which fell by 38 percent from June 2024 to lei 10.7 billion, while those of private companies edged up by 1.9 percent versus the same year-ago period (Chart 2.12).

The receivables collection period for non-financial corporations lengthened slightly in 2025 H1. At aggregate level, it stood at 86 days over the same period, 4 days longer than a year earlier. Large companies continue to collect their receivables more quickly than SMEs (75 days versus 98 days in June 2025). At the same time, the payables payment period increased marginally from 78 days in June 2024 to 80 days in June 2025. In this case as well, large companies have a shorter payables payment period than SMEs (72 days compared to 80 days).

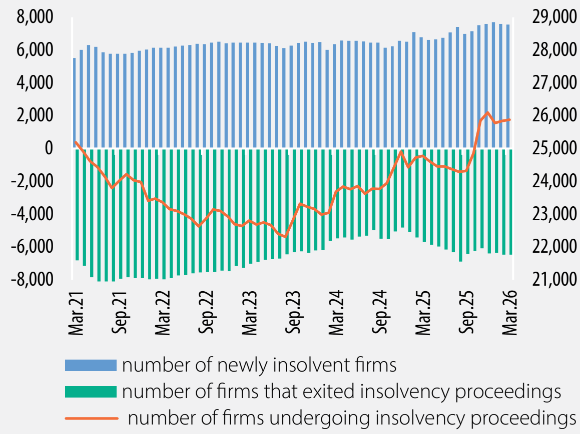
Between April 2025 and March 2026, major payment incidents intensified, with their number rising by 5.7 percent and total amounts surging by approximately 22 percent compared with the previous 12-month period. The amounts involved totalled approximately lei 1.8 billion, owing largely to companies operating in agriculture, which accounted for 43 percent of the total. A concentration is also visible by company size, with micro-enterprises accounting for 30 percent of total amounts, closely followed by large companies (29 percent). In the latter segment, the amounts involved were attributable to just 15 companies, a figure nevertheless up from only eight in the previous period.

Chart 2.12. Overdue payments by firm's ownership



Source: MF, NBR calculations

Chart 2.13. The 12-month flow of newly insolvent firms, firms that exited insolvency proceedings, and firms undergoing insolvency proceedings



Source: NBR, NTRO

The number of insolvent firms has been on an upward path since 2025 H2, reaching 25.9 thousand in March 2026, around 1.1 thousand more than a year earlier (Chart 2.13). Corporate resilience in Romania is being tested by an uncertain macroeconomic environment, both domestically and internationally. Insolvent firms make a limited contribution to the economy, accounting for only 1.6 percent of gross value added (GVA) and 2.6 percent of total assets of non-financial corporations, according to the financial statements as at June 2025. At the same time, these firms generate a significant volume of non-performing loans, making up 34 percent of non-performing exposures in banks' corporate loan portfolio in February 2026.

2.2. Households

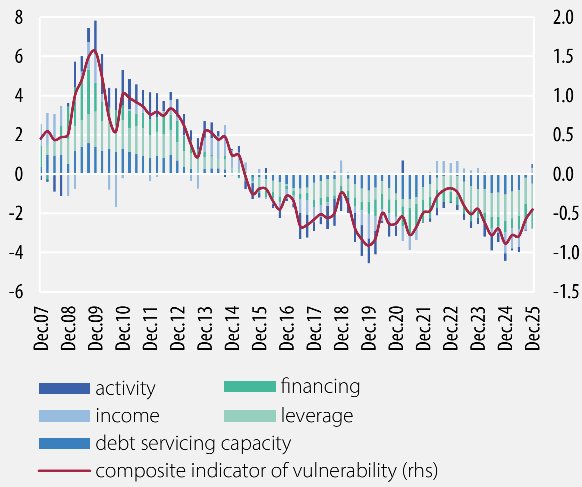
2.2.1. Households' balance sheet and saving behaviour

Household vulnerabilities remain low, with the composite indicator[58] reflecting high resilience, supported by sustainable indebtedness and robust savings (Chart 2.14). Nevertheless, the slower gross disposable income growth in nominal terms and heightened inflationary pressures caused the composite indicator of vulnerabilities to deteriorate slightly. Households' capacity to service debt continues to improve, as shown by the further downtrend in debt service-to-income (DSTI). This was also

58 For methodological information, see Box 4 of the December 2025 *Financial Stability Report*.

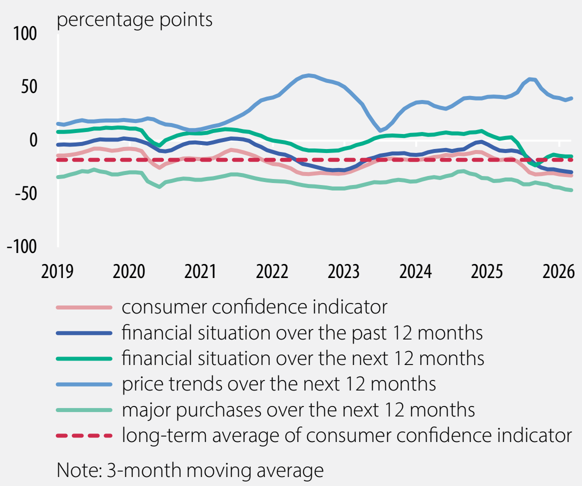
underpinned by the efficiency of the borrower-based macroprudential measures implemented by the NBR. By contrast, households' less optimistic expectations of their personal financial situation over the next 12 months (Chart 2.15) exerts an unfavourable impact on the dynamics of the indicator. Consumer confidence remains below its long-term average (Chart 2.15), yet households' expectations of their personal financial situation over the next 12 months saw a slight improvement, after having reached the second lowest level from a historical perspective in July 2025.

Chart 2.14. Composite indicator of household vulnerabilities



Source: NBR, NIS, Eurostat, NBR calculations

Chart 2.15. Consumer confidence



Source: European Commission, NBR calculations

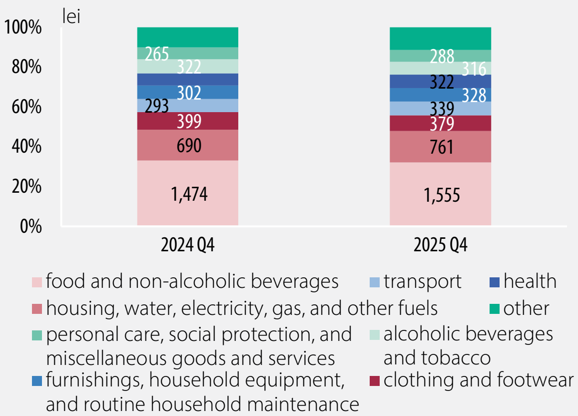
The cumulative impact of the recent crises on households' consumption behaviour is highlighted by the evolution and composition of household spending (Chart 2.16). Specifically, in 2025 Q4, total consumption expenditure posted a year-on-year increase (8.3 percent), amid persistent inflationary pressures and higher energy and fuel costs. The hikes are visible particularly in the case of expenses on housing, water, electricity, natural gas, and other fuels (+10 percent, from lei 690 per household in 2024 Q4 to lei 761 per household in 2025 Q4), in view of the expiry of the electricity price capping scheme on 1 July 2025 and the increases in VAT rates and excise duties starting 1 August, which triggered chain reactions on other consumption categories as well, such as transportation (+15 percent, from lei 293 per household to lei 339 per household). At the same time, certain expenditure items, such as clothing and footwear recorded slight declines (-5 percent in annual terms in 2025 Q4), which suggests a shift in consumption towards essential goods and services, given budget constraints.

Under the circumstances, the annual growth rate of households' financial assets slowed down in 2025, both at aggregate level (5.4 percent in December 2025 compared to 10 percent in December 2024) and for most components.

Although currency and deposits further hold the prevailing share in financial assets (37 percent of total financial assets), household investments in pension funds have expanded significantly (+33.2 percent in annual terms in December 2025, accounting for 15 percent of financial assets, from 12 percent one year earlier). Specifically, there is an increasingly stronger household preference for private pension systems, with the number of participants in private pension funds (Pillars 2 and 3) reaching 9.6 million in April 2026 after a 3.9 percent rise in annual terms.

Household deposits with banks picked up further to lei 413.7 billion in March 2026, albeit at a slower annual pace (8.1 percent versus 10.7 percent in March 2025). Households' income and wealth inequality also reflects in the breakdown of individuals' bank deposits. Specifically, only 0.6 percent of depositors, whose savings exceed the guarantee ceiling[59], concentrate 29 percent of total bank deposits, according to 2025 Q4 data.

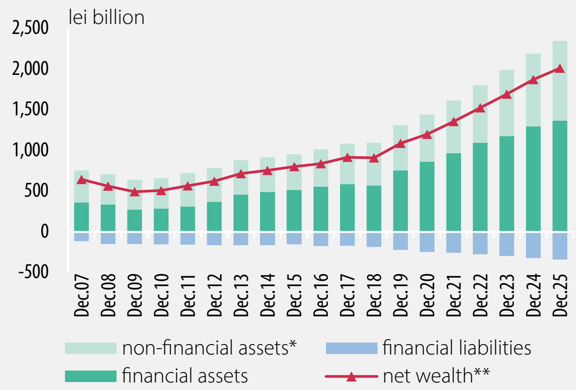
Chart 2.16. Amount and composition of total consumption expenditure per household



Note: "Other" includes spending on information and communication, recreation, sport and culture, restaurants and accommodation services, insurance and financial services, and education.

Source: NIS

Chart 2.17. Households' net wealth



*) only fixed assets were included[60,61].

**) households' net wealth is defined as the sum of financial wealth and non-financial wealth, net of liabilities.

Source: NBR, NIS, NBR calculations

Consequently, households' net wealth continued to rise (Chart 2.17), but slowed its advance compared to previous years (7.5 percent in 2025 versus 10.5 percent in 2024, 11 percent in 2023, and 12.4 percent in 2022). Thus, households' net wealth is more than three times higher than before the 2007-2008 financial crisis and around 1.8 times larger than the sector's gross disposable income, while being approximately equivalent to the gross domestic product at end-2025. Increasing net wealth leads to strengthening household resilience at aggregate level, by ensuring significant financial reserves, capable of mitigating the impact of potential adverse shocks on income or that of worsening general economic conditions.

Households maintain their net creditor position vis-à-vis the banking sector, the volume of deposits being double than that of bank loans to households (March 2026). Household debt to financial institutions went up at a pace similar to that in 2024 (+9.4 percent in 2025 and +9.5 percent in 2024), standing at

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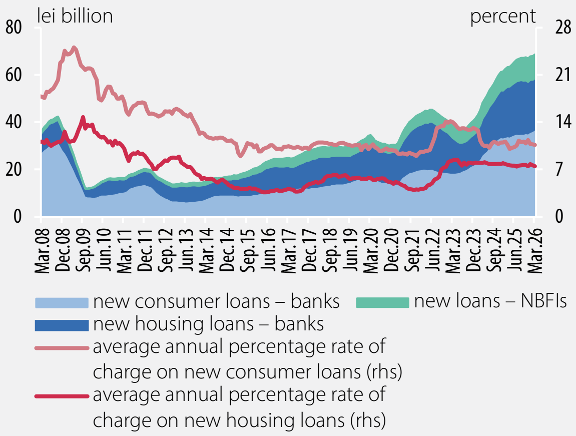
59 The ceiling is EUR 100,000 per depositor, per bank.

60 Fixed assets are produced non-financial assets used repeatedly or continuously in production processes for more than one year. These include dwellings, other buildings, machinery and equipment, etc.

61 Since 2020, the National Institute of Statistics has published non-financial assets, according to the national accounts methodology, prepared in line with ESA 2010. The annual values were linearly interpolated to obtain quarterly data, whereas for 2023 and 2024 the values were estimated based on data from the Quarterly Sector Accounts, namely gross fixed capital formation and consumption of fixed capital.

Chart 2.18. New loans* and bank financing cost, by type of loan



*) net of refinanced, restructured, converted or transferred loans (12-month flows)

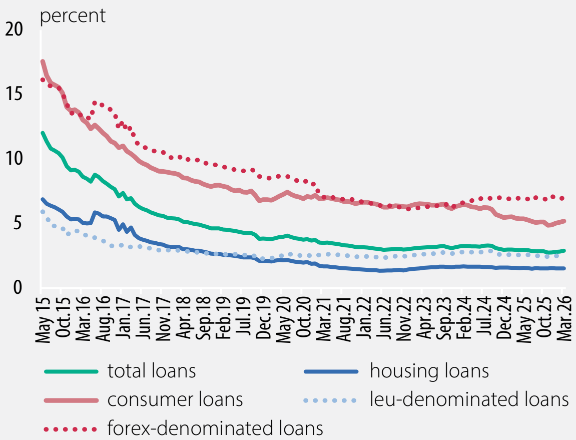
Source: NBR, EC, NBR calculations

approximately lei 221.1 billion (December 2025). The total debt breakdown for this sector shows that bank loans account for 86.8 percent, NBFI loans for 6.6 percent, and loans from non-resident financial institutions for 2.5 percent. Household debt is primarily denominated in lei (90 percent, December 2025), with loans from local financial institutions still holding a higher share (93 percent), *inter alia* due to the borrower-based macroprudential measures implemented by the NBR, differentiated by currency.

The developments in new loans to households reflect the evolution of consumption, confidence in the economy, and financing conditions in the market (Chart 2.18). In the recent period, the growth rate of both consumer credit and housing loans granted by credit institutions has slowed down; this trend was also followed, to a lower extent, by loans granted by non-bank financial institutions (NBFIs). Specifically, in April 2025 – March 2026, the volume of total new bank loans posted an annual rise of 6.6 percent, which was supported more by consumer credit growth (8.6 percent) and less by the dynamics of housing loans (3.5 percent). The growth rate of new NBFI loans slowed down to 21 percent in annual terms in April 2025 – March 2026, compared to 31 percent in the previous corresponding period (April 2024 – March 2025).

2.2.2. Households' capacity to service debt

Chart 2.19. Banks' NPL ratio* by type of loan and currency



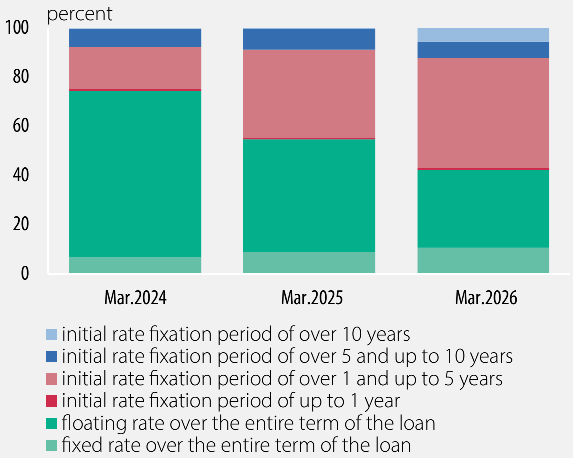
*) EBA definition

Source: NBR, CB, NBR calculations

The quality of bank loans to households improved in the first months of 2026 compared to the previous year, yet in the coming period, the decrease in disposable income amid rising expenses may pose some challenges. Specifically, at aggregate level, the non-performing loan (NPL) ratio of bank loans to households (according to the EBA definition) stood at 2.9 percent in March 2026, down 0.1 percentage points compared to the same year-ago period (Chart 2.19). The annual growth rate of the volume of loans slowed down slightly to 7.8 percent in March 2026 from 9.2 percent in March 2025.

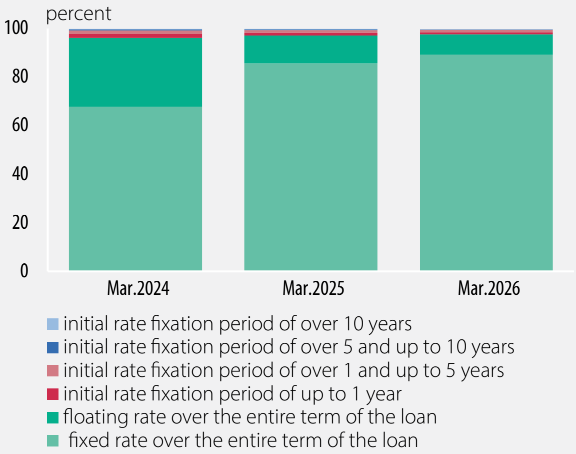
The NPL ratio of foreign currency-denominated loans is almost three times higher than that of leu-denominated loans (7 percent versus 2.6 percent in March 2026), but their volume is residual, accounting for about 7 percent of total loans to households. On the back of the macroprudential measures implemented by the NBR, differentiated by currency, the share of new foreign currency-denominated credit is negligible (0.2 percent,

Chart 2.20. Composition of housing loans by the initial rate fixation period



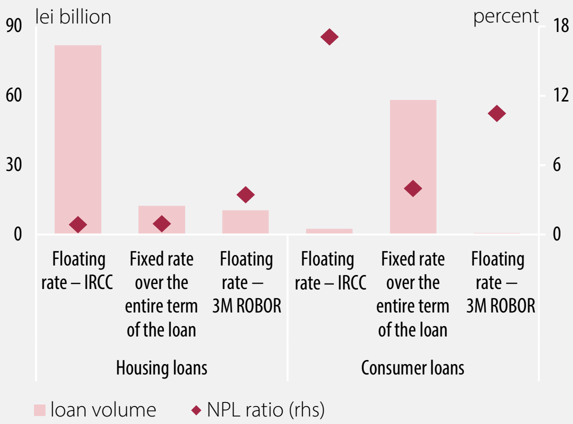
Source: NBR

Chart 2.21. Composition of consumer loans by the initial rate fixation period



Source: NBR

Chart 2.22. Volume of exposures and NPL ratio* by type of interest rate



*) EBA definition

Source: NBR, CB, NBR calculations

March 2026). By the type of loan, credit risk for the housing segment remains low (1.5 percent), whereas consumer loans performed worse, having an NPL ratio of 5.2 percent (-0.2 percentage points from a year earlier).

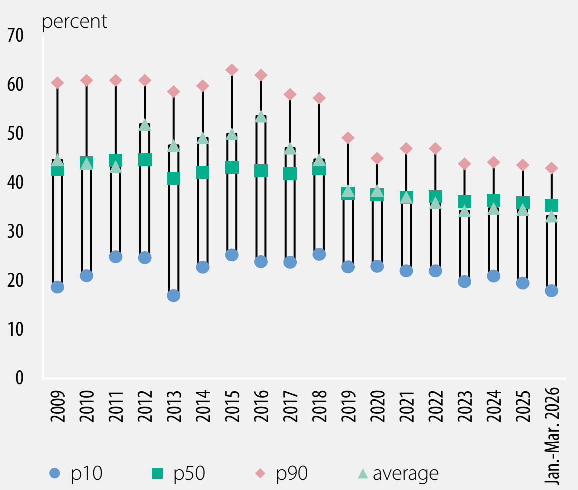
The housing loan market in Romania has gone through a significant structural shift over the past few years, as reflected in the changed composition of the flow of new loans. In the past, housing credit implied a higher interest rate risk, given that loans with a floating rate over the entire term of the loan held an important share (68 percent in March 2024). Recent developments (Chart 2.20), however, point to a strong switch towards products with initial rate fixation periods, especially between one and five years, which currently hold the prevailing share (45 percent, March 2026), due to borrowers' increased preference for a predictable debt service and to the adjusted loan supply in the market. At the same time, the share of floating-rate loans in the housing credit portfolio contracted markedly, to approximately one third of the stock. Looking at housing loans, exposures are concentrated in the segment of IRCC-linked floating-rate loans, characterised by adequate portfolio quality, whereas ROBOR-linked exposures have a higher risk profile (Chart 2.22).

Credit institutions recalibrated their supply of products to meet demand more adequately, which also contributed to a step-up in refinancing. In terms of financial stability, the transition to short-term fixed interest rates helps alleviate interest rate risk for households, yet the quality of this category of loans requires close monitoring after the expiry of the interest rate fixation period.

In the same vein, in the case of consumer credit, there is a noticeable shift towards fixed-rate loans over the entire period, their share widening by approximately 21 percentage points compared to March 2024, i.e. to around 89 percent in March 2026 (Chart 2.21), concurrently with the significant decline in the share of floating-rate loans to about 8 percent (from approximately 28 percent two years ago).

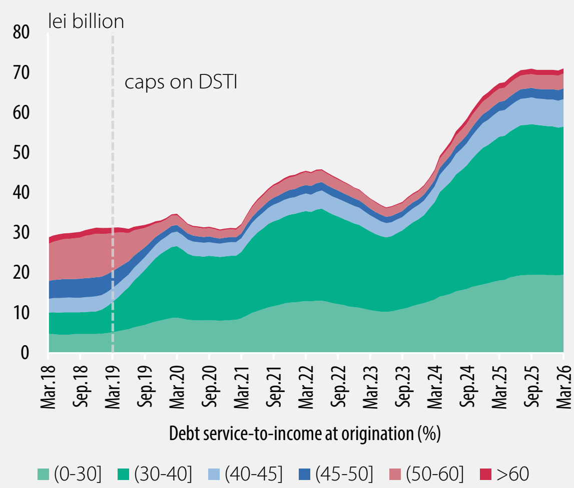
The borrower-based macroprudential measures implemented by the National Bank of Romania proved to be effective, helping enhance households' capacity to withstand successive shocks, such as the COVID-19 pandemic, the global economic, trade, and geopolitical uncertainty, as well as the recent fiscal adjustments domestically. On the back of these macroprudential measures, the median debt service-to-income at origination (DSTI-O) dropped significantly, reaching 35.9 percent for loans granted in 2025 and 35.4 percent for loans granted in the first three months of 2026, compared to levels exceeding 40 percent prior to the implementation of the cap (Chart 2.23). The volume of new loans granted with a DSTI over 40 percent[62] accounts for about 20 percent of the total (47 percent of these loans have a DSTI between 40 and 45 percent, March 2026), compared to shares of over 60 percent before the implementation of the cap on the debt service-to-income at origination, Chart 2.24.

Chart 2.23. DSTI-O distribution by percentile, by origination year



Source: NBR, NBR calculations

Chart 2.24. New loans by DSTI-O (12-month flows)



Source: NBR, NBR calculations

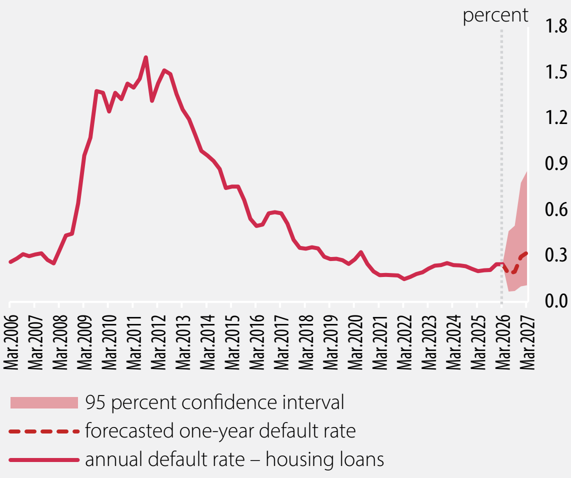
In an international environment rife with domestic and international uncertainties, households' capacity to service bank debt may come under slight upward pressures in the following period, given macroeconomic developments. Looking at both household lending segments, the annual default rate[63] increased somewhat, namely from 0.2 percent in March 2025 to 0.25 percent in March 2026 for housing loans and from 2.9 percent to 3 percent for consumer credit over the same period. The default rate one year ahead is forecasted to pick up mildly for housing loans

62 The 40 percent cap on the level of indebtedness for leu-denominated loans was exceeded due to the implemented flexibility measures, i.e. the 5 percentage point increase in the cap on the level of indebtedness for housing loans for first-time buyers and the non-applicability of the limit on the level of indebtedness for maximum 15 percent of the arithmetic mean of quarterly volumes of consumer loans granted in each of the previous four quarters.

63 According to the 90 days past due criterion

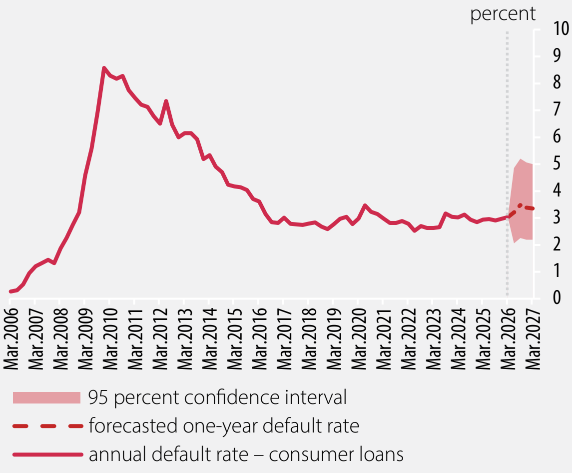
(from 0.25 percent to 0.32 percent in March 2027, Chart 2.25) and more significantly for consumer credit (from 3 percent to 3.4 percent in March 2027, Chart 2.26).

Chart 2.25. Forecasted one-year default rate for housing loans



Source: NBR, CB, NBR calculations

Chart 2.26. Forecasted one-year default rate for consumer loans



Source: NBR, CB, NBR calculations

The Alternative Banking Dispute Resolution Centre (ABDRC) offers a practical and convenient way for borrowers to resolve disputes in their relationship with banks, without needing to appeal to the courts. This out-of-court mechanism allows the parties to reach a mutual agreement, via a free, fast, and less formal procedure. At the same time, it contributes to lowering the number of lawsuits and to strengthening the trust-based relationship between consumers and financial institutions (Box 3).

Box 3. The role of the Alternative Banking Dispute Resolution Centre (ABDRC) in supporting financial stability

The ABDRC encourages consumers to be open to building a trust-based relationship with banks. Banks understand and negotiate the issues raised by consumers, particularly when these are justified and reasonable. The improvement in conciliation mechanisms, alongside banks' willingness and flexibility, has led to a steady increase over the years in the number of applications received, as well as in the number of case files formed and resolved, through the joint efforts of both parties. The results of the ABDRC's operational activities are presented below.

The primary role of the ABDRC, i.e. to amicably settle disputes that may arise in contractual relations between consumers and banks or NBFIs, is complemented by an important financial education component as well. The ABDRC's communication strategy for 2026 focuses on financial education, including a dedicated section on the Centre's website, where consumers can access more than 40 podcasts and debates that have been broadcast live on topics related to lending, saving, investment and personal budget management. The debates featured presidents and vice-presidents of commercial banks, conciliators, and representatives of the

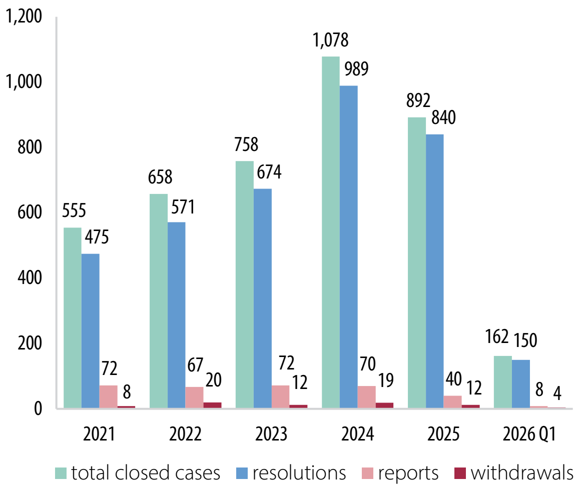
NBR, RAB, and ABDRC, as well as financial analysts and journalists. The ABDRC maintains a strong presence in both traditional and social media, through media partnerships and organically, via the dissemination by the mass media of the video and written content provided by the Centre as part of these information and financial education campaigns. The sixth season of ABDRC Podcasts is scheduled for 2026 H2. The debates hosted by the ABDRC will explore topics inspired by the types of negotiation requests submitted by consumers to the Centre in their disputes with banks. Through the information conveyed during these debates, consumers can gain the tools necessary to manage and safeguard their personal finances in an unpredictable macroeconomic environment.

In February 2026, the ABDRC analysed the profile of financial services consumers who approached the Centre in 2024 and 2025. The analysis of the 6,434 negotiation requests involving banks and NBFIs submitted to the ABDRC in 2024 and 2025 shows that the typical consumer of banking and financial services is a man living in an urban area, most commonly in Bucharest or central Transylvania, aged 41 to 50, with a leu-denominated consumer loan, who asks the bank, in an application completed directly on the csalb.ro website, to reduce the cost of the outstanding loan. The average benefit obtained per negotiation in 2024 and 2025 was EUR 3,410.

At the beginning of this year, ABDRC representatives continued to meet with students as part of 'A Different Type of Learning' Week, delivering financial education courses tailored to their age and needs.

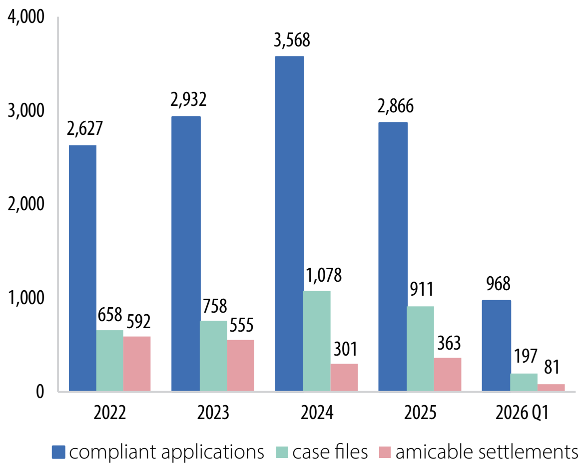
In 2026 Q1, the ABDRC received 968 applications from consumers requesting banks and NBFIs to enter negotiations through the Centre (717 related to banks and 251 to NBFIs) (Chart A). Specifically, the share of applications to NBFIs increased slightly compared with the same period of the previous year, from 21 percent of total in 2025 Q1 to approximately 26 percent in 2026 Q1. Conversely, the share of applications to banks decreased from 79 percent of total in 2025 Q1 to 74 percent of total in 2026 Q1.

Chart A. Closed cases: resolutions versus reports



Source: ABDRC

Chart B. Annual dynamics: compliant applications, case files and amicable settlements



Source: ABDRC

The total number of case files opened in 2026 Q1 stood at 197, all involving banks, as compared with 189 case files opened in the first three months of 2025, which shows a 5 percent increase in this statistical indicator in the period under review. Of the case files formed in 2026 and closed by the end of the analysed period, 150 concluded with a resolution (the parties accepted the solution proposed by the conciliator), while another 35 case files were still being processed at end-2026 Q1 (Chart B). In 8 case files, one party rejected the solution proposed by the conciliator, resulting in a report being issued, while in 4 case files one of the parties withdrew from the procedure.

At end-2025, the negotiation procedures between consumers and banks, conducted via the ABDRC, resulted in benefits of approximately EUR 3.17 million. Thus, the total amount of negotiated benefits over the nearly ten years of the Centre's activity is approximately EUR 17.5 million.

2.3. Real estate sector

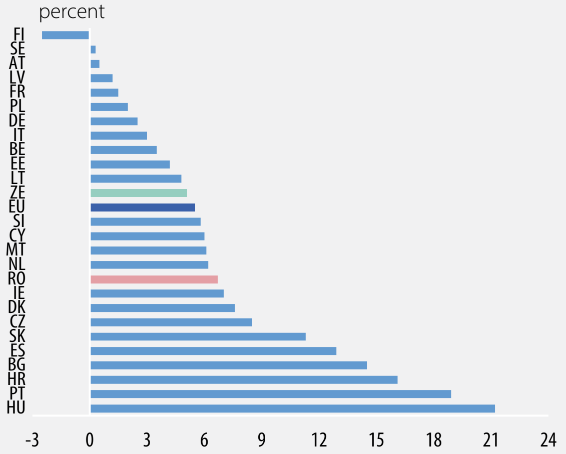
2.3.1. Residential and commercial real estate markets

The residential real estate market

The residential real estate market was further active in 2025 Q4, as well as in early 2026 (January-March), yet the mismatch between housing demand and supply continued to put pressure on prices. Thus, residential property prices posted faster nominal annual dynamics than the euro area and the EU averages (Chart 2.28), albeit lower than regional growth rates (Chart 2.27). In 2025 Q4, house prices rose by 6.7 percent in annual terms in Romania as compared with 5.1 percent in the euro area and a 5.5 percent EU average. Nonetheless, the dynamics of residential property prices in Romania were below those recorded in most of its regional peers, such as Hungary (21.2 percent), Bulgaria (14.5 percent) or Czechia (8.5 percent), yet above those seen in Poland (4.3 percent). In real terms, residential property prices posted a negative annual rate of change (-2.6 percent in 2025 Q4), amid the elevated inflation rate.

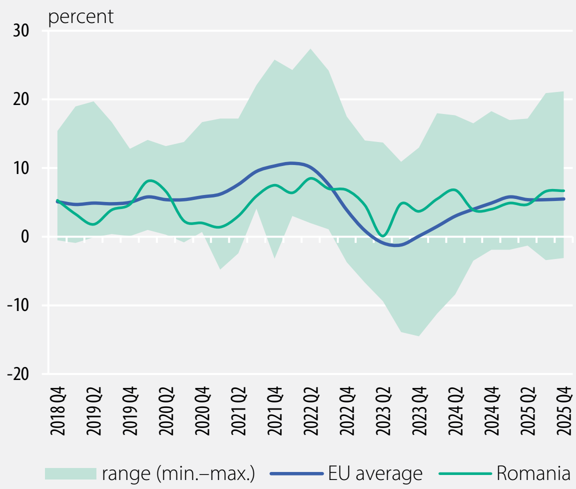
The breakdown shows a more significant differentiation between new and existing dwellings, also amid the changes in the VAT rate regime applied to immovable property as of August 2025, namely the increase in the standard VAT rate from 19 percent to 21 percent and the removal of the reduced VAT rate on real estate transactions made by first-time buyers. The higher taxes levied on newly built dwellings led to a partial shift in demand towards existing homes. This contributed to the intensification of pressures on prices of existing dwellings, amid a relatively rigid supply on the secondary market. Thus, the gap between the two segments widened: in 2025 Q4, the prices of existing dwellings grew by 7.1 percent year on year versus 6 percent for the prices of new dwellings. Nevertheless, construction costs for new homes further put pressure on prices, in April 2025 – March 2026 the index of construction costs for residential buildings standing, on average, 7.2 percent higher than in the previous corresponding period.

Chart 2.27. Annual dynamics (in nominal terms) of residential property prices, international comparisons (2025 Q4)



Source: Eurostat, NBR calculations

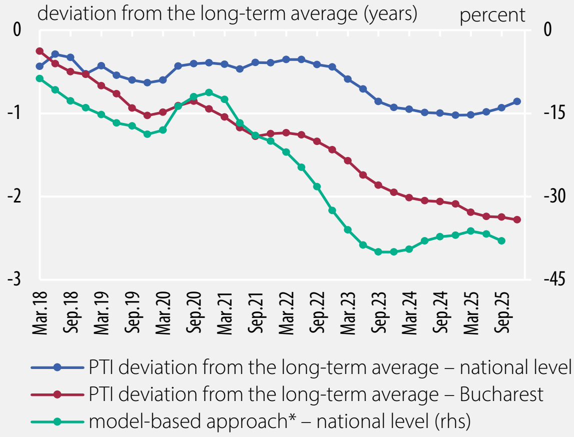
Chart 2.28. Dynamics of residential property prices



Source: Eurostat, NBR calculations

However, house prices are below economic fundamentals both nationally and in Bucharest. Irrespective of the methodology employed to estimate the degree of over/undervaluation, the results consistently point to an undervaluation of the residential real estate market (Chart 2.29). This is suggestive of the fact that current prices are still below the level justified by economic fundamentals (such as household income, financing costs and rents)[64].

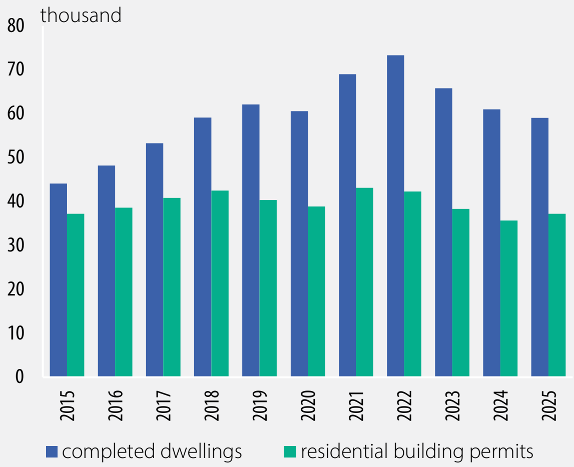
Chart 2.29. Degree of under/overvaluation of house prices



*) model-based indicator (Bayesian static equation)

Source: NIS, National Union of Notaries Public of Romania (UNNPR), NBR, ECB, NBR calculations

Chart 2.30. Number of completed dwellings and residential building permits



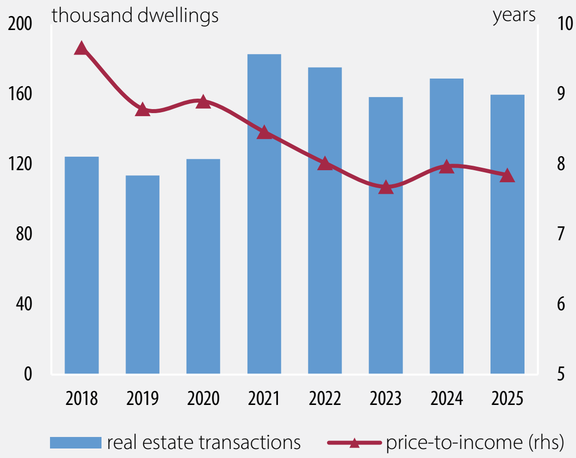
Source: NIS

64 The results should be interpreted with caution, as the estimates are sensitive to the methodology used and the structural features of the local residential real estate market. The relatively low rents, the elevated share of self-financed transactions and the rigid supply may account for the persistence of differences between the observed prices and those estimated based on economic fundamentals.

On the supply side, the delivery of new homes decreased in 2025, the number of completed dwellings in the course of the year falling by 3.1 percent from 2024 (Chart 2.30). At the same time, the composition of deliveries continued to change in favour of dwellings in the rural area[65], given the higher development potential of this segment, bolstered by land availability and somewhat lower construction costs. The prospects for supply adjustment show a pick-up in the construction activity. In April 2025 – March 2026, the volume of residential construction works increased, on average, by 12.4 percent (adjusted series) in annual terms. In addition, the number of residential building permits issued over the past 12 months (April 2025 – March 2026) rose by 2.8 percent against the previous corresponding period.

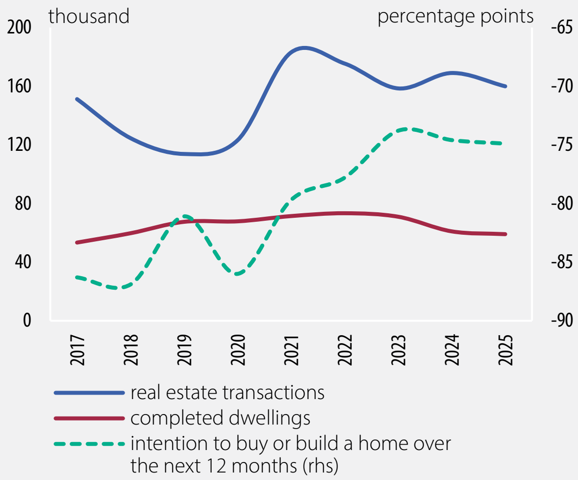
On the demand side, the intention to buy or build a home remains stronger than in the pre-pandemic period (Chart 2.32), in a context in which flats in Bucharest stay on the market, on average, only 54 days (2026 Q1), the lowest duration among the main urban centres in the country.

Chart 2.31. Price-to-income ratio[66] and the number of real estate transactions



Source: ANCPI, NIS, UNNPR, NBR calculations

Chart 2.32. Housing market demand and supply



Source: DG ECFIN, ANCPI, NIS, NBR calculations

Nonetheless, the demand for residential property[67] shrank in 2026 Q1 (-5 percent versus the same year-earlier period and against +2 percent in 2025 Q4), while the supply of residential property listed for sale continued to decline markedly (-24 percent)[68].

The mismatch between demand and supply, along with the fiscal changes and the general economic context, prompted a slowdown in housing market transactions (Chart 2.31). Thus, in 2025 the number of real estate transactions fell by 5.4 percent,

65 NIS Press release No. 58 of 12 March 2026 (Romanian only)

66 Taking into account the average price per square metre specified by the parties in the real estate purchase agreement for a standard, 2-room flat of 55 sqm and the average net wage income from which subsistence expenses equal to the net minimum wage economy-wide were deducted.

67 Expressed as the ratio of potential buyers to the existing supply

68 market360.imobiliare.ro. Residential real estate market report, 2026 Q1

whereas in 2026 Q1 it dropped more sharply, by 17.1 percent in annual terms, with similar paths in Bucharest (-16.6 percent) and the remainder of the country (-17.4 percent).

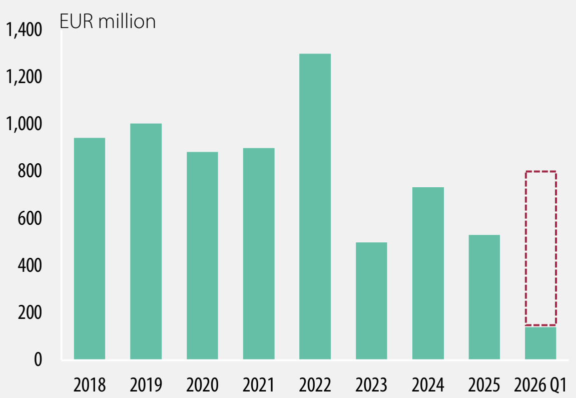
However, the number of years needed to purchase a 2-room flat without taking a bank loan decreased marginally, to 7.9 years in 2025, from 8 years in 2024, on the back of the relatively slower dynamics of house prices than of nominal income (Chart 2.31). There are significant disparities across regions, the price-to-income ratio ranging between 6.8 years in Bucharest and approximately 12 years in Constanţa (data as at 2025 Q4).

Looking at the residential rental market, demand surged (8 percent), in contrast to the considerable decline in supply (-17 percent), which is suggestive of a more pronounced shift of demand towards the rental market. Nevertheless, the average rent diminished slightly in annual terms, to about EUR 530 per month in 2026 Q1.

The commercial real estate market

In 2025, the investment volume in the commercial real estate market amounted to EUR 532 million, down 27 percent in annual terms (Chart 2.33). In 2026, investment is expected to exceed EUR 700-800 million, properties worth more than EUR 450 million being already scheduled for transaction completion, signalling a rebound in investment activity[69].

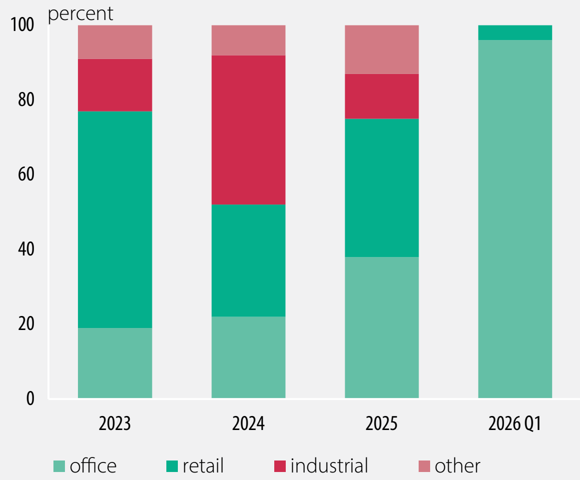
Chart 2.33. Investment volume in the commercial real estate market in Romania



Note: The red-dashed area shows the estimated investment for 2026 as a whole.

Source: iO Partners, Avison Young

Chart 2.34. Investment volume by type of property



Source: Avison Young, iO Partners

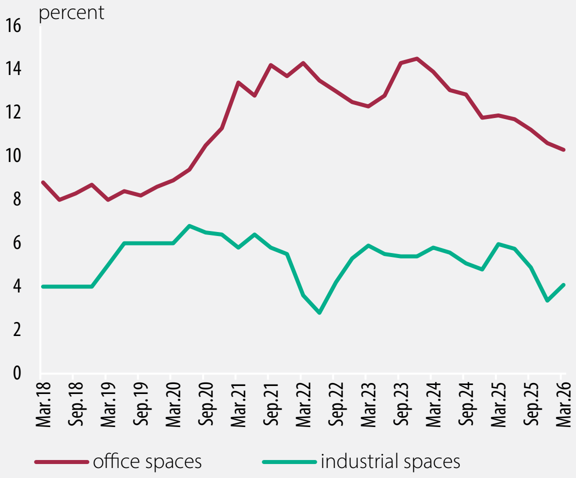
Bucharest accounted for 46 percent of the total investment volume, mirroring a strong investor preference for office spaces, which made up over 80 percent of the capital city's investment activity in 2025. In parallel, regional cities further attracted mainly investment in the retail segment, all such transactions being completed exclusively outside Bucharest and targeting retail parks and shopping centres.

69 Avison Young, 2025 Romanian real estate market overview

Office and retail spaces remained the focus of investors' interest in 2025, jointly holding around 75 percent of the total annual investment volume (Chart 2.34).

In 2026 Q1, investment in the commercial real estate market fell below the level posted in the same year-ago period, as transactions amounted to approximately EUR 140 million, marking a 15 percent decline year on year[70], Chart 2.33. Foreign capital further played a leading role, accounting for 68 percent (2026 Q1) of the total investment volume, strengthening Romania's position as a competitive real estate investment destination within the Central and Eastern European (CEE) market.

Chart 2.35. Vacancy rates in Bucharest



Source: iO Partners

At regional level, Hungary posted the largest increase, investment volumes exceeding EUR 325 million in 2026 Q1, nearly double than in the same year-ago period and marking the country's strongest start since 2018, whereas Poland remained the core investment area in the CEE market, with volumes of approximately EUR 1.1 billion, up by over 40 percent year on year. At the same time, in Bulgaria investment volumes doubled, surpassing EUR 100 million, in contrast with the slower growth in Romania and the significant declines in Czechia and Slovakia, where the investment activity accounted for less than a third of that recorded in the first quarter of 2025.

Compared to the other capital cities in the region, prime yields in Bucharest have been higher (Table 2), indicating that investors have asked for higher risk premiums. Nevertheless, the domestic market has remained attractive, on the back of favourable medium- and long-term growth prospects, the substantial demand for prime locations and its strategic regional role.

Table 2. Prime yields[71] in the capital cities of Central and Eastern European countries, 2026 Q1

percent

	Bucharest	Budapest	Prague	Warsaw	Sofia
Office spaces	7.50	6.50	5.25	6.25	7.50
Retail spaces	7.25	7.00	6.00	6.25	7.75
Industrial spaces	7.75	6.75	5.00	6.50	7.50

Source: Colliers[72]

The vacancy rate followed a downward path in the case of office spaces (10.3 percent in 2026 Q1 from 11.9 percent in 2025 Q1), whereas that for industrial spaces discontinued its decline in 2026 Q1, while further standing at a lower level than a year earlier

70 iO Partners, Market REcap|Romania Investment, Q1 2026

71 The prime yield is the best yield estimated to be achievable for a notional property of the highest quality and specification in the best location in a market.

72 Colliers, CEE Investment Scene, Q1 2026

(4.1 percent in 2026 Q1 from 6 percent in 2025 Q1), Chart 2.35. Looking at office spaces, more than 75 percent of net take-up was generated by new contracts and relocations from non-competitive stock, a positive signal of the market's ability to create additional, previously unmet demand[73]. The composition of demand for industrial spaces in 2025 highlights the fact that logistics holds a dominant position, accounting for 30 percent of total gross take-up. This is indicative of continuous supply chain optimisation and the country's increased relevance within regional distribution networks.

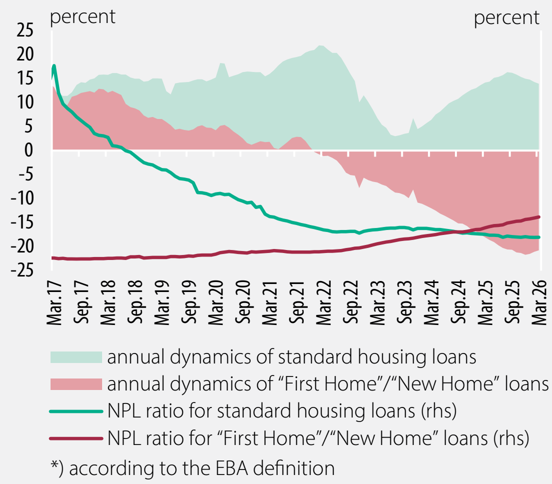
Construction costs further exerted pressures on the market, influencing investment decisions and the pace of project development. In April 2025 – March 2026, construction costs for non-residential buildings rose, on average, by 7 percent in annual terms.

Commercial real estate market activity is expected to gather momentum, given the fact that April 2025 through March 2026 non-residential construction works increased, on average, by 10.8 percent year on year, and in 2026 Q1 posted a marginal advance (1.3 percent). At the same time, the useful floor area stipulated in non-residential building permits in April 2025 – March 2026 added 10.7 percent versus the prior corresponding period.

2.3.2. Risks generated by the residential real estate sector and real estate lending to households

The banking sector's exposure to the residential real estate market remained significant (61 percent in March 2026, although on the wane from 63 percent in March 2025), amid the faster growth rate of the total portfolio of bank loans to households (7.9 percent, March 2026) than that of loans secured by mortgages on residential property (5.4 percent, March 2026).

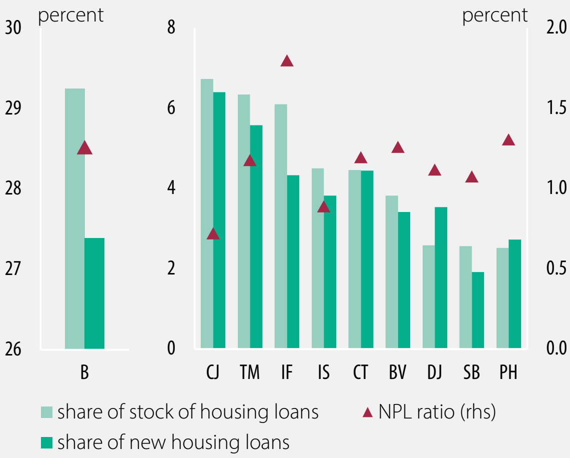
Chart 2.36. Housing loans and NPL ratio* by type of loan



*) according to the EBA definition

Source: NBR

Chart 2.37. Distribution of housing loans (stock and flows, % of total) in top 10 counties (March 2026)



Source: NBR

[73] Avison Young, 2025 Romanian real estate market overview

The volume of "First Home"/"New Home" loans continued to decline at a swift pace (-21 percent, March 2026, in annual terms), this type of lending currently accounting for merely 16 percent of total housing loans (March 2026), with the flow of such loans holding solely 0.3 percent of new housing loans (March 2026). By contrast, the volume of standard housing loans grew by 13.9 percent in the same reference period. Thus, the share of debtors with "First Home"/"New Home" loans decreased gradually from about 48 percent in 2019 to 25 percent in March 2026, Table 3.

Table 3. Statistics on real estate lending

	3/2019	3/2021	3/2023	3/2025	3/2026
Volume of housing loans (lei bn.)	75	91	105	111	118
No. of debtors	450,199	512,920	546,047	540,716	541,760
Share of debtors who took "First Home"/ "New Home" loans (%)	48	45	39	31	25
No. of loans	465,784	560,142	592,462	578,618	562,537
Share of "First Home"/"New Home" loans (%)	47	41	36	29	24
Average loan amount (lei)	191,291	195,828	217,665	241,870	264,889
Average down payment* (%)	20	35	36	37	35
Average original maturity (years)	25.1	23.9	23.4	22.2	22.2
Average monthly instalment (lei)	1,182	1,114	1,623	1,720	1,849
Annualised average interest rate (%)	5.0	4.3	7.4	6.7	6.5
Average debt service-to-income at origination* (%)	40	39	37	36	35
Share of foreign currency-denominated loans (%)	33	23	16	11	9
Share of debtors who took multiple housing loans (%)	3	8	8	6	4

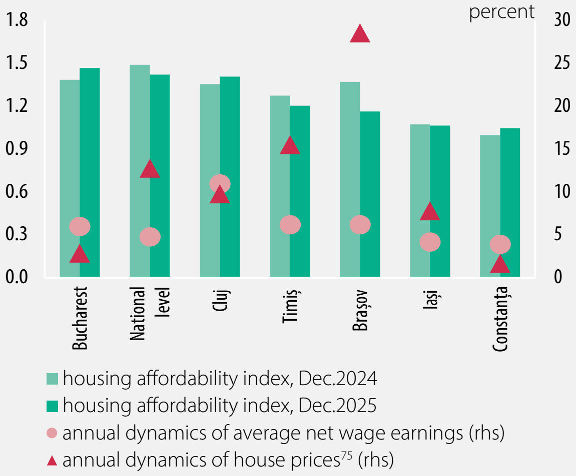
*) "First Home"/"New Home" loans are excluded.

The housing loan market featured high concentration, with about 61 percent of total loans for house purchase and 55 percent of the flow of such loans being granted to borrowers in the main regional centres (Bucharest-Ilfov, Cluj, Timiș, Iași, Constanța, Brașov, data as at March 2026), Chart 2.37. The quality of housing loans also differs depending on the borrower's county of residence, the loans to debtors in Ilfov having a higher average NPL ratio (1.8 percent) than the average NPL ratio in the county of Cluj (0.7 percent, March 2026), Chart 2.37.

Although the NPL ratio for housing loans on aggregate was at a prudent level (1.5 percent, March 2026), the breakdown shows that the divergent trend that had emerged at end-2024 persisted. Specifically, the NPL ratio for standard housing loans dropped to 1.4 percent (March 2026), whereas that for loans granted under the government programme followed a worsening trend (2.2 percent in March 2026 from 1.8 percent in March 2025 and 1.5 percent in March 2024, Chart 2.36), driven particularly by the significant decline in the stock of such loans.

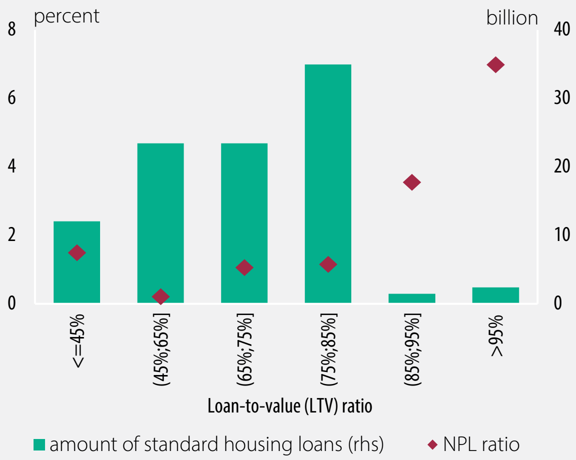
Access to the housing loan market[74] was further relatively easy, with mixed developments, however, across the main regional centres (Chart 2.38). Thus, in Bucharest, the housing affordability index remained the highest (the average net wage income was approximately 1.5 times larger than the optimal income needed for loan take-up, December 2025), on the back of higher wages, whose dynamics outpaced those of residential property prices. Conversely, in Constanța average net wage earnings were at the same level as the optimal income needed to take out a loan.

Chart 2.38. Housing affordability index



Source: UNNPR, NIS, NBR, NBR calculations

Chart 2.39. LTV ratio and NPL ratio for standard housing loans (March 2026)



Source: NBR

Loans for house and land purchase with a low loan-to-value (LTV) ratio make up a category of real estate loans with a higher credit risk. In their case, the NPL ratio ("First Home"/"New Home" loans excluded) is higher, namely 5.7 percent for loans with an LTV ratio above 85 percent, reaching 7 percent for loans with an LTV ratio above 95 percent (March 2026, Chart 2.39). By contrast, loans with an LTV ratio below 85 percent (the equivalent of a 15 percent or larger down payment) posted a 1.2 percent NPL ratio.

The macroprudential measures implemented by the National Bank of Romania with respect to the LTV ratio acted towards enhancing the resilience of both debtors – by supporting a sustainable level of indebtedness – and credit institutions – by containing the loss given default (LGD). Under the circumstances, the median LTV ratio for new loans ("First Home"/"New Home" loans excluded) was 73 percent (+0.2 percentage points in March 2026 versus March 2025, the equivalent of a median down payment of around 27 percent of the collateral value), whereas the median LTV ratio for the entire housing loan stock stood at 65 percent (-0.7 percentage points in

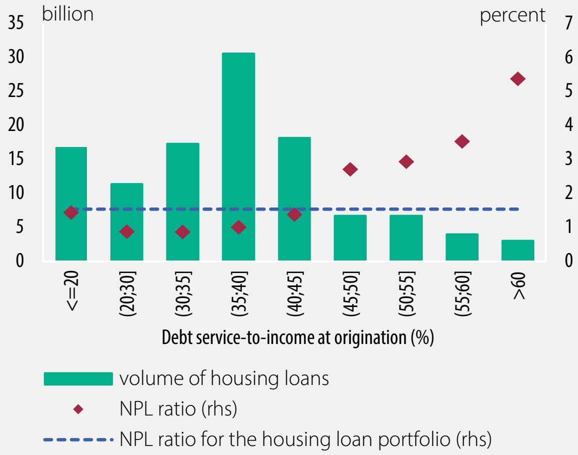
74 The housing affordability index measures the average net income relative to the income needed to purchase a dwelling, at a 15 percent down payment, a 45 percent debt service-to-income ratio, and a 25-year maturity. The average price per square metre specified by the parties in the real estate purchase agreement for a 2-room flat and a standard flat of 55 sqm was taken into account.

75 The average price per square metre specified by the parties in the real estate purchase agreement for a 2-room flat was taken into account.

March 2026 compared to the same year-ago period, the equivalent of a 35 percent down payment, Table 3).

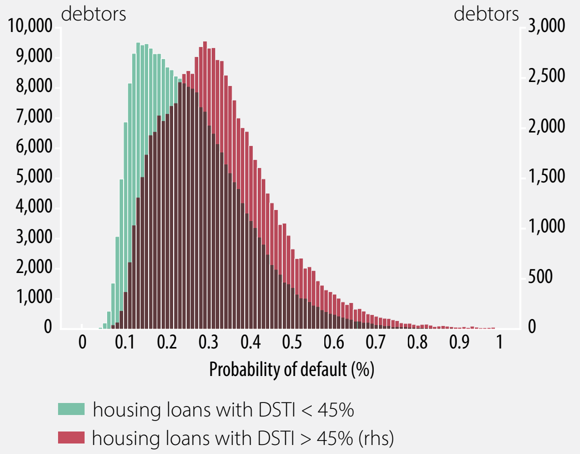
At the same time, the implementation of the macroprudential measure to cap the debt service-to-income at origination (DSTI-O) as of January 2019 resulted in borrowers' sustainable level of indebtedness, solely 17 percent of the outstanding housing loans being currently extended to borrowers with DSTI-O higher than 45 percent (March 2026). As far as the latter are concerned, the NPL ratio was considerably higher, i.e. 3.3 percent, rising to 5.7 percent for borrowers whose DSTI exceeded 60 percent (March 2026, Chart 2.40). Conversely, the NPL ratio for borrowers with DSTI below 45 percent was 1.1 percent. Therefore, the average probability of default increased from 0.26 percent for borrowers with DSTI-O below 45 percent to 0.34 percent for debtors with DSTI-O of over 45 percent (data as at March 2026, Chart 2.41).

Chart 2.40. Distribution of housing loans by debt service-to-income at origination, March 2026



Source: NBR

Chart 2.41. Distribution of the annual probability of default by debt service-to-income (March 2026)



Source: NBR

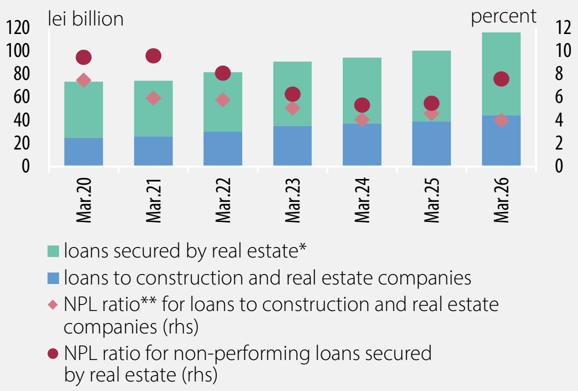
2.3.3. Risks generated by the commercial real estate sector and mortgage-backed lending to non-financial corporations

The commercial real estate market remained significant for banks' corporate loan portfolio, in March 2026 accounting for 54 percent of the stock of loans to non-financial corporations (lei 116.1 billion, up by 15.1 percent in annual terms). Most exposures are indirect exposures, namely loans secured by real estate extended to non-financial corporations (lei 71.7 billion), the remainder of exposures being direct exposures, i.e. loans to construction and real estate companies (lei 44.4 billion), Chart 2.42.

The quality of the CRE loan portfolio has gradually deteriorated since 2025, similarly to that of the aggregate portfolio of loans to non-financial corporations, with the NPL ratio reaching 6.2 percent in March 2026 (+1.1 percentage points from March 2025).

The NPL ratio for indirect exposures was almost twice as high as that for direct exposures, at 7.6 percent versus 4 percent in March 2026.

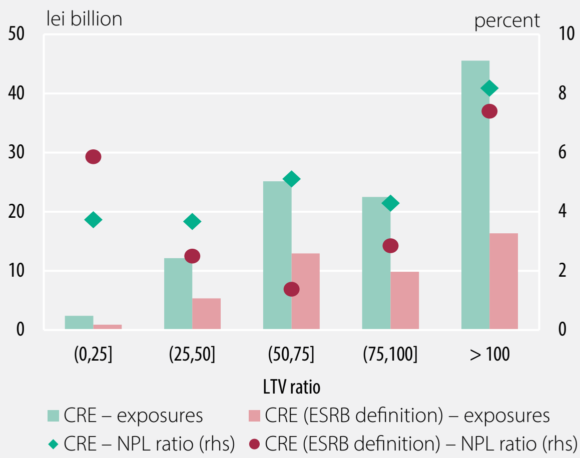
Chart 2.42. Banking sector's exposure to the commercial real estate market



*) excluding loans secured by real estate granted to construction and real estate companies
**) calculated according to the EBA definition

Source: NBR

Chart 2.43. Distribution of exposures and the NPL ratio by LTV ranges for CRE loans and CRE loans (ESRB definition) (March 2026)



Source: NBR

CRE loans[76] classified based on the definition of the European Systemic Risk Board (ESRB definition) accounted for 38.6 percent of total CRE loans and totalled lei 44.8 billion (March 2026). The breakdown of these loans by property type shows that industrial spaces held 23 percent, retail spaces took 23 percent and office spaces made up 11 percent in March 2026. Looking at the breakdown by use of the collateral that secures CRE exposures (ESRB definition), approximately 62 percent of property is used by its owners for own needs, namely conducting their business, 13 percent is rental housing, and 9 percent is other income-producing real estate. In addition, around 6 percent of CRE property is under construction.

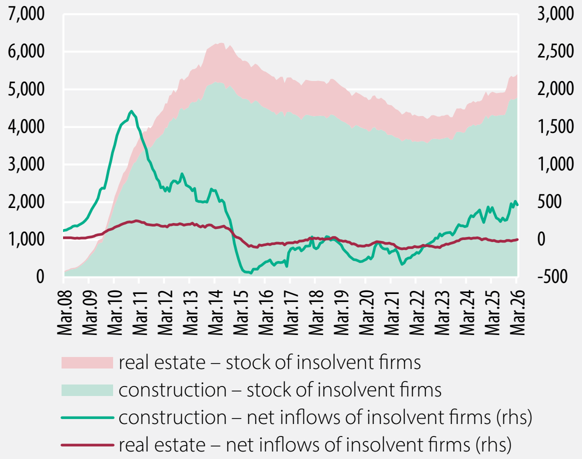
The distribution of exposures for which the LTV ratio is available shows concentration in the range from 50 percent to 100 percent both for CRE exposures on aggregate and for CRE exposures (ESRB definition). They jointly hold approximately 44 percent of the total exposures under review (Chart 2.43).

Exposures with an above-one LTV ratio account for 42 percent of CRE loans and 36 percent of CRE loans (ESRB definition), having however a significantly higher risk profile. The NPL ratio for these types of loans stands at approximately 8 percent and 7.4 percent respectively as compared with levels usually ranging between 1 percent and 5 percent for exposures with a below-one LTV ratio.

The latest assessments of the vulnerabilities related to the commercial real estate sector show that they remain manageable, yet the National Bank of Romania further monitors them, in line with the ESRB methodology, across the four risk

[76] The classification of loans according to Recommendation ESRB/2016/14 groups loans secured by real estate into commercial real estate loans (CRE loans) and residential real estate loans (RRE loans). Data are available for loans granted as of May 2022.

Chart 2.44. Number of insolvent construction and real estate companies



Source: NIS, NBR calculations

stretches: collateral stretch, income and activity stretch, financing stretch and spillover stretch.

In April 2025 – March 2026, the risk profile of construction companies continued to worsen, on the back of the 16 percent increase in the number of newly insolvent firms (Chart 2.44). At the same time, the stock of insolvent companies rose by 10.7 percent, to 4,789 firms, which mirrors the persistent financial distress and the sector's limited capacity to adjust amid lingering pressures on economic activity. Even though the number of firms exiting insolvency proceedings grew by 20 percent, this was not enough to counterbalance the fast dynamics of firms entering insolvency proceedings. The real estate sector witnessed relatively more balanced developments, the number of companies entering insolvency proceedings rising by 10.8 percent, while the stock of insolvent firms remained almost unchanged at 616 companies. In comparison with construction firms, real sector developments point at the persistence of relatively lower financial vulnerabilities.

3. THE FINANCIAL SECTOR

Since the previous *Report*, the Romanian banking sector has maintained its good resilience, despite the uncertainties surrounding the developments in the macroeconomic and geopolitical environment. The partial materialisation of domestic or external vulnerabilities may erode this solid basis in the short and medium term, given that in addition to the aforementioned overlapping shocks, the Romanian banking sector must also address the implications of the fine levied by the Competition Council in June 2026.

Financial and prudential indicators have remained within the EBA-defined low-risk buckets. Specifically, the banking sector has an adequate capital position (total capital ratio: 23.7 percent, March 2026), a sound liquidity position (liquidity coverage ratio: 246 percent, March 2026; net stable funding ratio: 191 percent, March 2026), good profitability (ROA: 1.4 percent; ROE: 14.1 percent, March 2026), high operational efficiency (cost-to-income ratio: 52 percent, March 2026) and satisfactory asset quality (NPL ratio: 2.8 percent, March 2026). The results of the latest solvency stress test confirm the banking sector's capacity to withstand potential macroeconomic shocks without affecting financial stability.

The banking sector's performance is similar to or above the EU average in terms of financial and prudential indicators. Profitability continues to be broadly in line with the regional median and to buttress the solvency of the banking sector, given that at least 50 percent of profits have been retained to strengthen capitalisation in recent years. Moreover, bank returns remain well below those of other sectors in the real economy. The increase in turnover tax in the context of fiscal consolidation measures puts additional pressure on operational efficiency. The real sector's financing capacity is still insufficiently turned to account, with significant potential for lending to the real sector, as reflected *inter alia* by the below-one loan-to-deposit ratio.

Significant holdings of sovereign debt instruments continue to be an important structural feature of the local banking sector. The high share of these exposures mirrors credit institutions' role in government financing, as well as the favourable prudential treatment of these assets and the preference for liquid assets. However, the considerably higher bank claims on government (27.6 percent, March 2026) relative to the EU average (9.7 percent, September 2025) fuels interest-rate and concentration risks. Under favourable market conditions, this interdependence does not pose risks, but in the event of adverse developments in the sovereign rating, this concentration may become a channel for contagion and amplification of risks via both the marking to market of the bank portfolios and an increase in capital requirements.

A number of additional challenges to banking sector stability persist, namely: (i) the risk of a more severe worsening of asset quality, especially in the segment of non-financial corporations, (ii) the large share of foreign currency loans to non-financial corporations, and (iii) increased relevance of emerging risks and newly arising risks, such as those associated with digitalisation and cyberattacks, as well as climate or geopolitical risks. Given the uncertain developments in these risks, credit institutions should further pursue a prudent stance regarding capital and liquidity reserves management, as an essential prerequisite for underpinning long-term financial stability.

Non-bank financial institutions (NBFIs) are an important pillar of the Romanian financial system, given the role they play in financing the real sector. In December 2025, NBFIs' total assets amounted to lei 80.8 billion, up 16.4 percent year on year. The credit to the real sector also grew at a robust pace, standing almost 16 percent higher in December 2025 than a year earlier. The NBFIs' loan portfolio to the real sector continues to be dominated by non-financial corporations (holding 76 percent of the stock of loans), with most loans granted to this sector denominated in foreign currency, thereby entailing an additional source of risk.

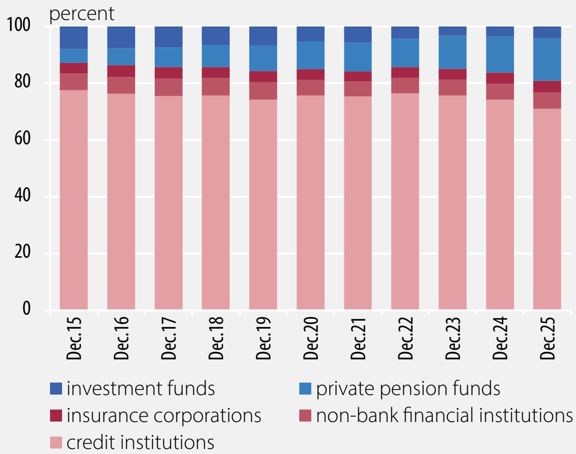
The total assets of the financial system stood at lei 1,402 billion at end-2025, up by 13.6 percent from 2024. In 2025, the non-bank financial sector posted significant growth, driven in particular by investment funds and pension funds, whose assets increased by around 34 percent in both cases. Insurance corporations and NBFIs also followed an upward path, posting substantial asset growth, albeit at half the pace recorded by the aforementioned segments, i.e. 17 percent and 16 percent, respectively. An increasingly important development of the non-bank financial segment and the capital market can contribute to ensuring a better resilience of the Romanian financial system, fostering a sustainable increase in intermediation and a more extensive diversification of the funding sources available to the real sector. The latter's assets rose by around 9 percent, coming very close to the lei 1,000 billion threshold. Looking at the composition of financial system assets in December 2025, banks accounted for 71 percent of total assets, followed by pension funds (14.9 percent), NBFIs (5.8 percent), investment funds (4.2 percent) and insurance corporations (4.1 percent), Chart 3.1.

The banking sector is the main component of the Romanian financial system, although its importance has been on a downward trend (-3.1 percentage points from the year before). Annual growth in banking sector assets was moderate (8.8 percent) and lagged behind the stronger dynamics of the other financial system components. Against this background, financial intermediation increased by 3.3 percentage points compared with December 2024, reaching 73.4 percent of GDP.

The private pension segment, comprising Pillar II and Pillar III pension funds, recorded a favourable year in 2025, with total assets growing at a robust pace and reaching around 11 percent of GDP at year-end. The investment policy is further focused on the local financial market, with the share of equity instruments in the portfolio increasing to 26 percent (2 percentage points above the December 2024 level), confirming the commitment to the development of a strong capital market, which would have positive effects on the Romanian economy[77]. However, fixed-income instruments continue to be the main component of the portfolio, i.e. 69 percent, thus reflecting also the risk profile specific to these funds.

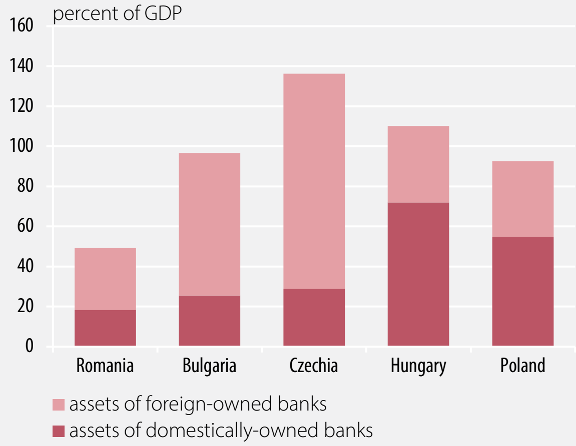
In 2025, the insurance sector strengthened its position within the financial system, with gross written premiums totalling lei 25.8 billion, up 10 percent from the previous year[78]. Insurance corporations remained resilient, with solvency and liquidity indicators recording slight improvements from the year before.
The market is dominated by non-life insurance, which takes up 80 percent of total. Of this, 74 percent is comprised of motor insurance classes A3 and A10 (Casco – comprehensive car insurance and RCA – compulsory motor third party liability insurance)[79]. In terms of home insurance, only 25 percent of dwellings in Romania are covered by a mandatory insurance policy (PAD, data available in March 2026) according to data published by the Natural Disaster Insurance Pool (PAID).

Chart 3.1. Distribution of assets in the Romanian financial system, December 2025



Source: NBR, FSA, NBR calculations

Chart 3.2. Bank assets-to-GDP ratio, regional comparison (2025 Q3)



Source: ECB, NBR calculations

Although the banking sector is the main component of the Romanian financial system, it is modest in size compared to its regional peers (Chart 3.2). The bank asset-to-GDP ratio was only 49 percent in 2025 Q3, i.e. well below that recorded by other peer economies.

The non-bank financial institutions sector is an integral component of the Romanian financial system, its claims on the rest of the financial sector amounting to lei 16.5 billion at end-2025, primarily in the form of bank deposits (Chart 3.3). Non-life insurance technical reserves are the second most important item on the NBFIs' balance sheet, totalling lei 2.3 billion and reflecting the sector's links with

[77] FSA, *Raport privind evoluția sistemului de pensii private în anul 2025*

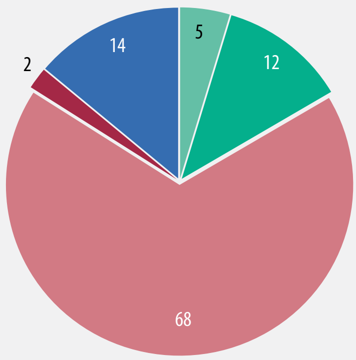
[78] This includes not only the premiums written by the 24 insurance companies, but also those written by the 15 branches operating in Romania.

[79] FSA, *Evoluția pieței asigurărilor în anul 2025*

the domestic insurance market. The links with the banking sector are also strong from the NBFI liability side, with 93 percent of NBFIs' total liabilities to the financial sector (amounting to lei 26.4 billion) consisting of bank credit (Chart 3.4). Bank loans to NBFIs are predominantly long-term (92 percent), reflecting mainly loans extended by banks to NBFIs belonging to the same banking group.

Chart 3.3. Distribution of NBFI assets across the financial sector

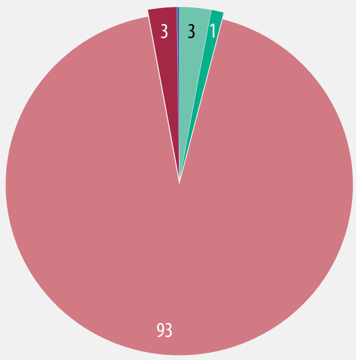
percent



Source: NBR, CCR

Chart 3.4. Distribution of NBFI liabilities across the financial sector

percent



Source: NBR, CCR

The authorisation of a central counterparty (CCP) in Romania could make a positive contribution to increasing financial intermediation. The CCP can foster the development of the capital market and the rise in financial intermediation through greater efficiency and safety of transactions. It plays a key role in mitigating the counterparty risk and limiting the systemic risk through guaranteeing the settlement of transactions and using the risk management mechanisms, thereby contributing to increases in investor confidence and market liquidity. In Romania, the central counterparty (CCP.RO Bucharest S.A.) is currently being authorised[80], this project being developed to introduce the centralised clearing of transactions, particularly in derivatives, with an impact on the reduction of counterparty risk and the development of the capital market.

From a financial stability perspective, the fast-paced expansion of digital assets may heighten the risks associated with financial innovation. Although blockchain technologies and some digital assets may spur efficiency and cut down transaction costs, they can also entail important vulnerabilities. There are various risks associated with crypto-assets, including financial, operational and geopolitical dimensions, and can be summarised as follows: (i) decentralised finance creates a parallel financial architecture, based on blockchain technology, with the potential to amplify systemic fragility, (ii) stablecoins involve counterparty risk and may quickly cause financial stress to feed through via market mechanisms, (iii) crypto-assets, such as Bitcoin and

80 https://asfromania.ro/ro/a/3416/dosarul-ccp.ro-a-fost-declarat-complet.-asf-incepe-evaluarea-pentru-autorizarea-contrapartii-centrale

Ethereum, are characterised by elevated volatility compared to traditional markets, especially in times of stress, (iv) the DeFi[81] ecosystem is exposed to operational risks, including cyberattacks and fraud, which may generate AML/CFT vulnerabilities, and (v) digital assets can be used in geopolitical contexts, including to bypass financial sanctions.

The digital asset ecosystem has developed swiftly since the COVID-19 pandemic, amid the digitalisation of the economies, abundant liquidity and keener interest in alternative financial instruments. In mid-May 2026, the global capitalisation of the crypto-asset market was estimated at approximately USD 2,536 billion, less than 2 percent of the capitalisation of international financial markets (the global stock market is valued at USD 155 trillion and that of fixed income instruments at USD 145 trillion).

3.1. Banking sector

3.1.1. Resilience of the banking sector

Since the previous *Report*, the Romanian banking sector has maintained its good resilience, despite uncertainties about the developments in the macroeconomic and geopolitical environment, yet a partial materialisation of domestic or external vulnerabilities may erode this solid basis. The financial and prudential indicators have remained at comfortable levels in terms of liquidity, solvency, as well as profitability. Asset quality indicators deteriorated moderately compared to the previous *Report*, almost entirely on the back of the portfolio of loans to non-financial corporations (the corresponding NPL ratio reached 5.4 percent in March 2026). The results of the solvency stress test confirm credit institutions' good capacity to absorb macroeconomic shocks.

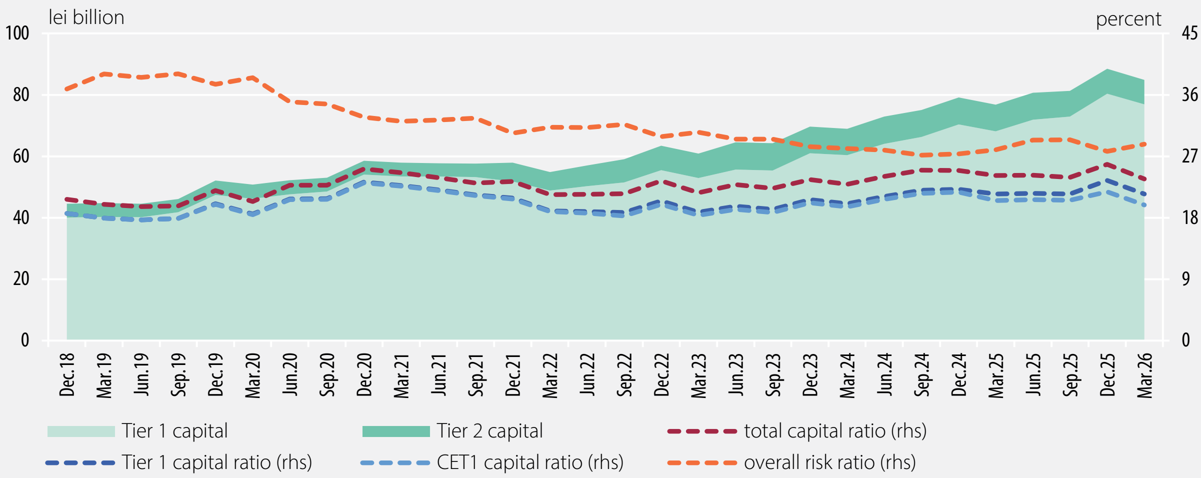
Looking ahead, certain risks may materialise, exerting pressure on borrowers' repayment capacity, as a result of deteriorating macroeconomic conditions. Moreover, the high share of foreign currency-denominated corporate loans (almost 52 percent of the total in March 2026), as well as the link between banks and the government continue to be structural vulnerabilities. In addition, the low financial intermediation (the lowest in the EU) remains a significant vulnerability, with direct implications for the economy's capacity to support investments for sustainable development. At the same time, the relevance of emerging risks is on the rise, including that of cyber risk, climate risk, and risks associated with financial innovation and fast-paced digitalisation, which could amplify operational risk.

The banking sector's capital position has remained robust, with solvency indicators further above regulatory requirements. In March 2026, the total capital ratio was

[81] Decentralised finance (DeFi) refers to a system of financial applications built on blockchain networks, essentially constituting a new financial system designed to replicate the range of services provided by the traditional financial system in an open and permissionless manner, thereby eliminating both traditional financial intermediaries and centralised institutions.

23.7 percent, while the Tier 1 capital ratio and the CET1 capital ratio stood at 21.5 percent and 19.8 percent respectively. The capital surplus above the overall capital requirements (OCR) remained significant, i.e. 5.5 percentage points in March 2026. The favourable dynamics of solvency reflect both the sustained build-up of capital (also supported by conservative dividend distribution policies) and the adequate level of profitability over the past years, amid the widening share of net interest income in total operating income and the further relatively low costs associated with credit risk. Moreover, the change in the funding structure and the gradual decrease in the overall risk ratio helped strengthen the sector's capacity to absorb adverse shocks.

Chart 3.5. Composition of own funds and overall risk ratio

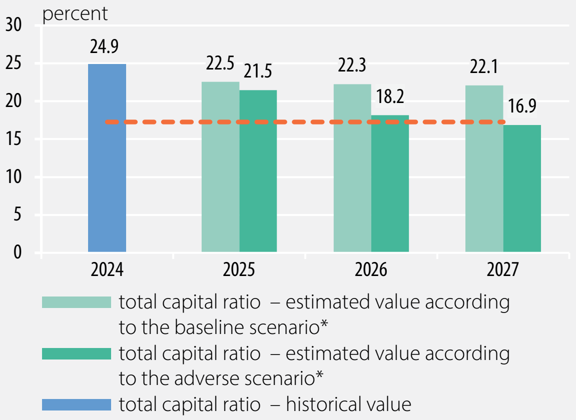


Source: NBR, reports at solo level, credit institutions, Romanian legal entities

The composition of capital points to high-quality own funds. Their total volume further advanced, reaching lei 84.9 billion in March 2026. The breakdown shows that Tier 1 capital holds a dominant share (90.6 percent, Chart 3.5), being primarily made up of CET 1 capital (92.5 percent, March 2026). However, the contribution of Tier 2 capital to total own funds has increased over the past years, from 4.4 percent at end-2018 to 9.4 percent in March 2026 (Chart 3.5). The adequate solvency ratio was also favoured by the gradual decline in the share of higher risk exposures (such as loans to large companies and SMEs), which were replaced by retail loans and government securities. Recently, the overall risk ratio has followed a downward path, to 28.8 percent in March 2026 (Chart 3.5), implicitly contributing to the strengthening of the solvency position.

The results of the latest solvency stress test covering the 2025-2027 period confirm the resilience of the banking sector, due to both the adequate solvency level recorded at the beginning of the forecast horizon and the good capacity (especially of large banks) to make operating profit. Moreover, adjusting the funding strategy and shifting the composition of assets towards low-risk items have a positive effect on the sector's capacity to absorb potential shocks. The materialisation of the adverse scenario (characterised by a strong economic recession) may lead to the deterioration

Chart 3.6. Total capital ratio according to the solvency stress test



*) the values correspond to the transitional definition (taking into account temporary adjustments)

Source: NBR

of the solvency ratio, mainly owing to the negative impact on operational efficiency, but also as a result of the intensity of credit risk becoming manifest. Although the deficits identified generally concern small-sized institutions, making up a relatively small share of the sector's total assets, the risk of a deterioration in confidence in the banking sector remains relevant and could materialise following the change in perception towards banking sector stability.

At aggregate level, the results of the baseline scenario are consistent with a marginal decrease in the total capital ratio throughout the forecast horizon (Chart 3.6), to 22.1 percent in 2027, assuming that 50 percent of profits are distributed as dividends. In the adverse scenario, the total capital ratio would decline more sharply to 16.9 percent at the end of the reviewed period.

The methodology of the solvency stress test does not currently quantify the potential effects of highly relevant emerging risks, such as climate and cyber risks. The materialisation of these risks could exert further pressures on the financial and prudential indicators of credit institutions over the medium or long term.

In addition to these factors, credit institutions will also face, in the period ahead, costs associated with legal and reputational risks arising from the Competition Council's action concerning the manner in which the ROBOR is established, with implications for financial stability. The application of disproportionate sanctions and potential disputes on compensations linked to the manner of determining the indices may destabilise the investment climate due to the perceived unpredictability of the legal framework (Box 4).

Box 4. Possible implications of the measures taken by the Competition Council on the banking sector and financial stability

The ROBOR index is the reference interbank money market rate for unsecured deposits in lei and is set by a fixing procedure, based on the quotes submitted by the participant credit institutions. Methodologically, the indicator is not an average of actual transactions, but shows the firm rates at which banks are willing to provide liquidity in domestic currency, for different maturities, to other credit institutions. The 3M ROBOR index has been frequently used in leu-denominated loan agreements with variable interest rate (also for household loans granted before the IRCC implementation), given its capacity to capture the cost of liquidity over a longer horizon, incorporating both current money market conditions and the participants' expectations of future developments. The ROBOR rate reflects market conditions such as the aggregate liquidity position of the banking sector, the distribution of available liquidity among institutions, inflation expectations, expectations of the policy rate path, as well as potential risk premia associated with the counterparty risk or the alternative cost of funds.

In June 2026, the Competition Council penalised 10 banks with fines totalling lei 3.73 billion (EUR 710 million) for the infringement of competition rules, i.e. the Competition Law and the Treaty on the Functioning of the European Union, by coordinating their conduct in the ROBOR rate-setting process. According to the press release[82], following the investigation, the authority found that the banks participating in setting the ROBOR coordinated their conduct through the exchange of confidential and strategically sensitive information, particularly related to pricing, concerning the ROBOR rate during the fixing process.

Prior to the publication of the Competition Council's decision, the National Bank of Romania requested a number of clarifications so as not to cause further confusion, unrealistic expectations or unfounded accusations with effects on financial stability. In order to correctly inform public opinion, it is necessary to clarify in a coherent fashion: (i) which legal provisions have been breached, given that the regulation and rules governing the money market are considered fair and respected, (ii) how an exchange of information in an environment characterised by transparency rules can be interpreted as anticompetitive behaviour and (iii) how the ROBOR rate assumed to be correct can be determined in comparison to that published.

The fine levied by the Competition Council may lead to legal disputes initiated by bank customers that took loans with ROBOR-linked interest rates. Depending on how the alleged damage to debtors is calculated, in the medium and long run these disputes may generate losses significantly higher than the amount of fines imposed. The two types of the aforementioned additional costs would overlap the costs related to the worsening international macro-financial context and the narrowing economic growth prospects of Romania for 2026, showing an increase in the probability of default, especially in what concerns the corporate loan portfolio.

The cumulative effects of all these overlapping shocks materialising would result in significant expenses for credit institutions. The implications of these scenarios materialising go beyond the banking sector, affecting the receipts collected by the Romanian government from the tax on bank profits, as well as the benefits stemming from the external perception of banking sector stability, which have so far had positive effects on the sovereign rating and the cost of public debt refinancing. Regarding the systemically important banks, significant negative adjustments in return on equity could also be reported by banks with state-owned capital. As a result, there is also a risk that the Romanian government should increase its expenditure in order to recapitalise these entities.

82 https://www.consiliulconcurentei.ro/wp-content/uploads/2026/02/Banci-final-Iunie-2026-1.pdf

Moreover, the internal and external reputational effects on the local banking sector, resulting from the fine imposed on the largest market players, should not be minimised. Looking at the experience of other Member States, the amount of the fine is exceptional and will likely create an unfair perception of the functioning of the Romanian banking sector overall, with profound repercussions that can lead to reallocations in some important players' portfolios or decreases in investments in the medium and short term. In order to illustrate the size of the fine imposed by the Competition Council, this value can be compared with that of the fine set in the 2013 EURIBOR case at European level. For comparison purposes, the Competition Council's ROBOR-related fine is almost 30 times higher than that issued in the EURIBOR case in equivalent terms of bank assets of the sanctioned institutions, given that Romania also has the lowest level of financial intermediation among EU countries. The amount of the fine imposed on the banking sector exceeds the cumulative fines applied by the Competition Council in all sectors of Romania's economy over the past 10 years.

Finally, it is worth mentioning that the scenarios under review do not take into account potential more severe deteriorations of economic conditions, either against the background of domestic political instability or via the channel of geopolitical uncertainty.

The entry into effect of the CRD VI[83]/CRR III[84] legislative package, finalising the transposition of the Basel III international standards into the EU's regulatory framework, has brought relevant changes to the methodologies for assessing and quantifying risks, with a direct impact on capital requirements, especially for credit[85] and operational risks.

Risk-weighted assets went up 13 percent in March 2026 compared to the same year-earlier period (to lei 358.5 billion), at a faster pace than that of total own funds (+10.5 percent).

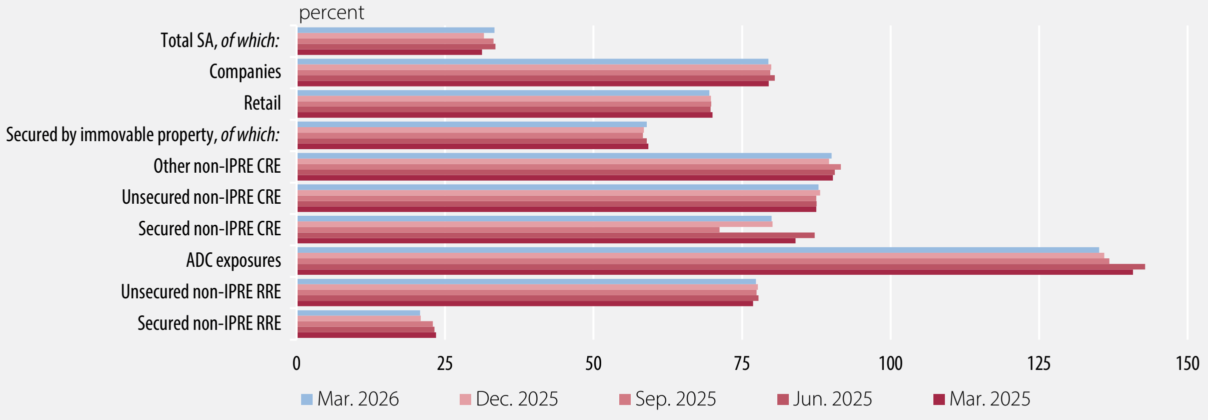
The new framework introduces a more granular approach to the treatment of exposures secured by real estate, taking into account borrower characteristics, the loan-to-value (LTV) ratio, the purpose of the immovable property and the currency risk, applying heavier penalties to risky exposures (for further details, see Box 5). Thus, according to the new reports (available as of March 2025), land acquisition, development and construction (ADC) exposures posted the highest average risk weights, i.e. 135.1 percent in March 2026 (Chart 3.7). Nevertheless, these exposures jointly amounted to only lei 7.5 billion.

83 Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks

84 Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

85 The package revises the standardised approach in the case of credit risk, which has been recalibrated to increase risk sensitivity.

Chart 3.7. Average risk weights for credit risk by portfolio



Note: SA – standardised approach for credit risk, RRE – residential real estate, CRE – commercial real estate, IPRE – income-producing real estate; reports at solo level of credit institutions, Romanian legal entities

Source: NBR, NBR calculations

Looking at non-income producing real estate exposures secured by residential property, there is a significant difference between the risk weights assigned to the unsecured part of the exposures (77.3 percent in March 2026) and those assigned to the secured part (20.8 percent). The total amount of residential real estate exposures was lei 73.2 billion, secured exposures accounting however for a much larger share, i.e. 84.9 percent. As far as commercial real estate exposures are concerned, there is a much lower gap between the risk weight associated with unsecured exposures and that for secured ones (87.9 percent versus 80 percent, December 2025). These exposures amounted to lei 30.8 billion, yet the ratio of secured to unsecured exposures was much more balanced (45.7 percent of the exposures being unsecured).

Box 5. Change in the prudential treatment of exposures secured by real estate

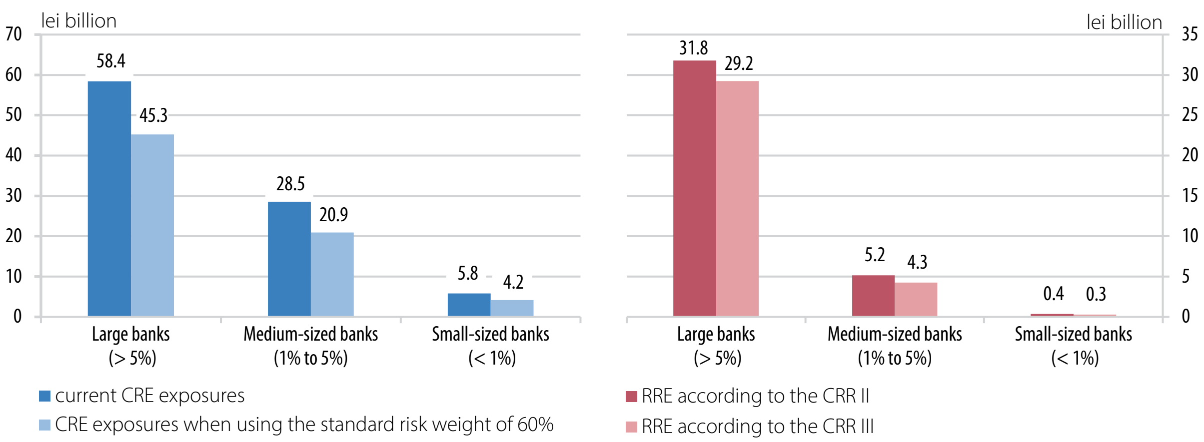
The CRD VI/CRR III legislative package made substantial changes to the treatment of exposures secured by real estate, aiming at increasing the granularity and risk sensitivity of exposures secured by commercial and residential real estate property, i.e. commercial real estate (CRE) and residential real estate (RRE) exposures.

In the case of CRE exposures, the Regulation introduced distinct definitions for income-producing real estate (IPRE) exposures (the repayment of which is materially dependent on the cash flows generated by the property securing those loans) and non-income producing real estate (non-IPRE) exposures, as well as a dedicated treatment for land acquisition, development and construction (ADC) exposures (loans financing land acquisition, development or construction of any residential or commercial immovable properties).

In order to determine the capital requirements for RRE and CRE exposures, the CRR III introduced the loan-splitting approach, whereby the exposure is split into a secured part up to (typically) 55 percent of the property value, which is assigned a lower risk weight, and an unsecured part, which is assigned the risk weight corresponding to an unsecured exposure in the exposure class it belongs to.

CRE exposures are applied a more conservative prudential treatment than RRE exposures. Looking at Romania, a fixed risk weight of 100 percent is currently assigned to the secured part of the exposure by keeping in place a national legal provision adopted pursuant to Article 124 of the CRR II. Under the circumstances, the National Bank of Romania regularly assesses[86] whether the risk weights applicable to these exposures are calibrated appropriately. The calibrations take into consideration issues such as historical losses or real estate market development prospects.

Chart A. Potential change in the amount of risk-weighted assets under the loan-splitting approach, assuming the use of the standard risk weights introduced by the CRR III[87], compared with the previously applicable capital requirements under the CRR II[88], for CRE and RRE exposures (December 2025)



Source: NBR, NBR calculations

The breakdown of credit institutions by market share shows comparable declines for CRE exposures (Chart A). Specifically, risk-weighted assets would decrease by 26.7 percent for medium-sized banks[89] and by 28.6 percent for small-sized banks.

In the case of RRE exposures, the value of risk-weighted assets was calculated employing both the methodology in use (in line with the CRR III framework) and

86 In its capacity as designated national authority, in accordance with Article 124(9) of the CRR

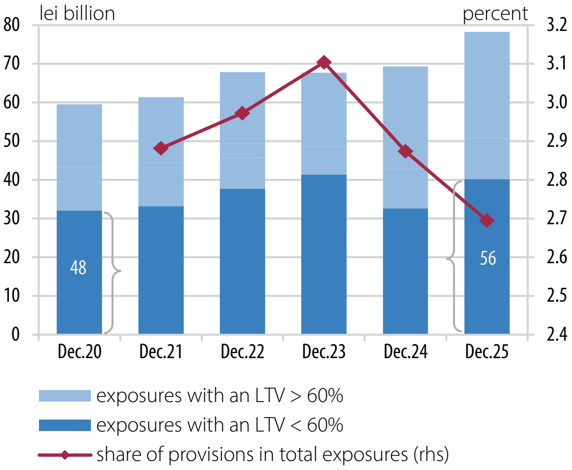
87 Regulation (EU) 2024/1623 (CRR III) stipulates the calculation of capital requirements in line with the standardised loan-splitting approach, which implies applying different risk weights for the secured part of the exposure (the standard risk weights being 20 percent for RRE exposures and 60 percent for CRE exposures) and the unsecured part of the exposure respectively (usual risk weights of 75 percent for RRE exposures and 100 percent for CRE exposures).

88 The whole loan approach used under the CRR II assigned a risk weight of 35 percent to all RRE exposures. In the case of CRE exposures, the exercise of national discretion on the applicable risk weight led to a change in the standard risk weight from 50 percent to 100 percent.

89 Small-sized banks – banks with a market share below 1 percent; medium-sized banks – banks with a market share between 1 and 5 percent; large banks – banks with a market share above 5 percent.

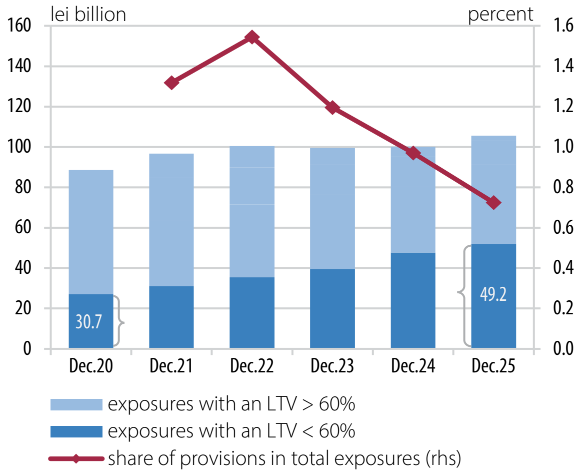
the one applied previously (to capture the impact of these changes). According to the current framework, the risk-weighted assets for RRE exposures across the banking sector as a whole totalled lei 33.8 billion (9.4 percent lower than the amount of lei 37.3 billion computed in compliance with the prior methodology). Total CRE exposure amount equalled lei 83.6 billion in December 2025, up by 40.8 percent in the period from December 2020 to December 2025 (Chart B). A breakdown of exposures by an LTV threshold of 60 percent[90] reveals that their secured part (with an LTV ratio below the said threshold) accounted for lei 32.1 billion of total exposures in December 2020, rising to lei 40.2 billion in December 2025.

Chart B. CRE exposures by a 60 percent LTV threshold



Source: NBR, NBR calculations

Chart C. RRE exposures by a 60 percent LTV threshold



Source: NBR, NBR calculations

In addition, the ratio of provisions made for this exposure class to the total exposure amount fell to 2.7 percent in December 2025 from a high of 3.1 percent in December 2023.

RRE exposures followed a similar path to CRE exposures, their stock increasing by approximately 19.2 percent in June 2020 – December 2025, to lei 105.6 billion (Chart C).

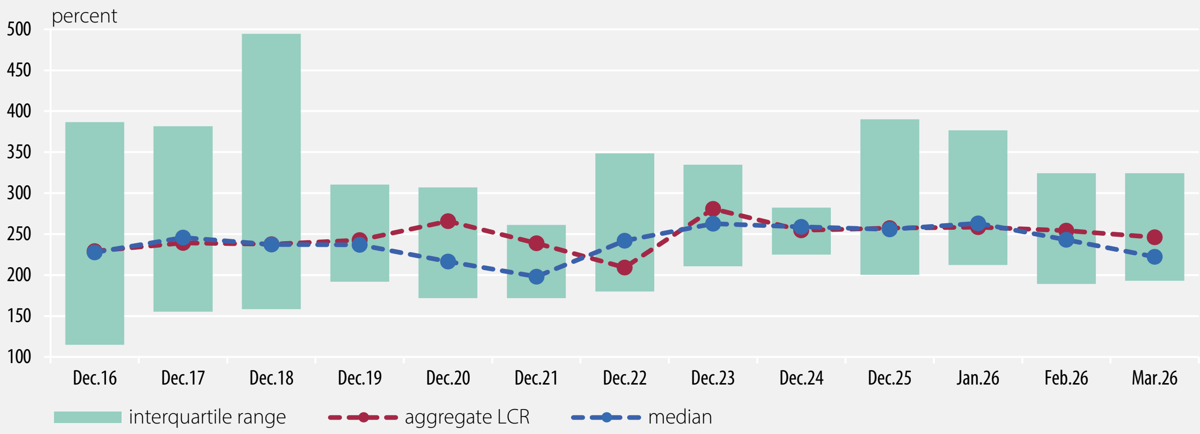
The composition of exposures broken down by an LTV threshold of 60 percent improved markedly, as exposures with a low LTV ratio accounted for 49 percent of total exposure amount in December 2025, up from 27 percent in June 2020.

Overall, even though the local banking sector currently boasts robust solvency, capital adequacy in the coming period will hinge on a number of factors, among which the profitability outlook, influenced by credit risk dynamics, the keeping in place of prudent dividend distribution policies, developments in capital requirements or the materialisation of risks related to the macroeconomic and geopolitical environment.

90 This LTV threshold is used to report the stock of exposures in line with the FINREP framework, differing from the 55 percent threshold imposed according to the loan-splitting approach under the new regulation.

Since the previous *Report*, the liquidity position of the Romanian banking sector has remained adequate. The specific prudential indicators posted comfortable levels, significantly above those recorded at European level, mirroring credit institutions' good capacity to absorb short- and medium-term adverse shocks. The current geopolitical context, fraught with elevated uncertainty both regionally and globally, and the macroeconomic environment, marked by modest economic growth, inflationary pressures (also amid the recent developments in the Middle East) and fiscal consolidation, may adversely affect the liquidity position of the banking sector. At the same time, the fact that high quality liquid assets (HQLA) are mostly in the form of government securities poses a concentration risk, as a potential increase in Romania's financing costs following a deterioration in investor confidence may put additional pressures on the liquidity position.

Chart 3.8. Interquartile distribution of the LCR and its aggregate level



Note: Home loan banks were excluded.

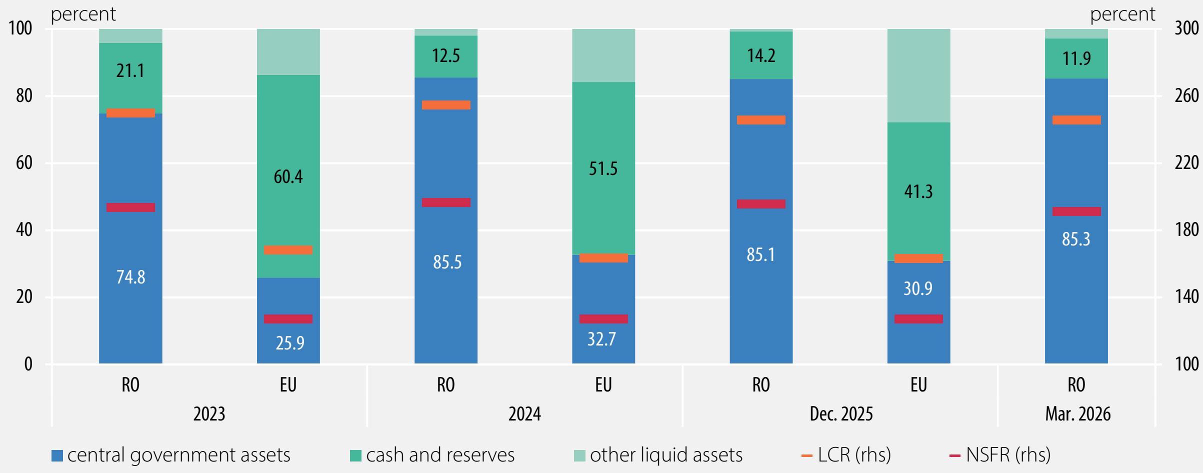
Source: NBR, NBR calculations

The liquidity coverage ratio (LCR) at aggregate level reached 246.0 percent in March 2026 (Chart 3.8), as compared with an EU average of 163.1 percent (December 2025). All credit institutions have had liquidity coverage ratios above the minimum regulatory requirements both on aggregate and by significant currency.

The interquartile distribution of the indicator since its implementation shows that local banks have permanently recorded satisfactory LCR levels, yet the period after 2019 has seen a gradually declining dispersion trend among banks (Chart 3.8). Behind this have stood the cautious stance of banks and the increase in the share of sovereign debt instruments, eligible for calculating the liquidity buffer. Thus, government securities are a major component of the liquidity buffer in the LCR (high quality liquid assets – HQLA), accounting for 85.3 percent of the total buffer in March 2026 (Chart 3.9). The other components of the liquidity buffer are cash and reserves (12 percent, March 2026) and central bank assets. Unadjusted level 2 assets hold an immaterial share of the liquidity reserve, i.e. 0.2 percent in March 2026. By comparison, when looking at the EU, the composition of the liquidity buffer is much more robust and diversified. Specifically, cash and reserves make up the largest share (41.3 percent, December 2025), while central government assets take only 30.9 percent (December 2025). Level 2 assets also hold a greater weight, i.e. 4.5 percent (June 2025).

The net stable funding ratio (NSFR) was 191.0 percent in March 2026 (Chart 3.9), standing higher than the EU average of 126.9 percent (December 2025). Local banks record net stable funding ratios comfortably above the minimum regulatory requirements. The distribution of the NSFR over time shows that the indicator calculated at sectoral level was constantly above the median, a reflection of the fact that large banks usually report higher NSFR levels.

Chart 3.9. Composition of the liquidity buffer and dynamics of the LCR and the NSFR at national and EU levels



Source: EBA, NBR

The liquidity risk is deemed moderate, yet there are a number of vulnerabilities that urge banks to take a cautious stance on managing it. In addition, the fast-paced banking digitalisation and the widespread use of artificial intelligence pose new challenges to the banking sector. Cybersecurity incidents carry the potential to put pressure on the liquidity position through rapid deposit withdrawals triggered by a loss of confidence and operational failures. Consequently, an improvement in the traditional liquidity assessment methods and in the liquidity monitoring framework becomes of the essence. Thus, despite the good resilience of the domestic banking sector to potential adverse macroeconomic developments, banks should maintain a cautious stance in managing capital adequacy and liquidity buffers with a view to safeguarding financial stability, amid the external uncertainties and the persistent macroeconomic imbalances.

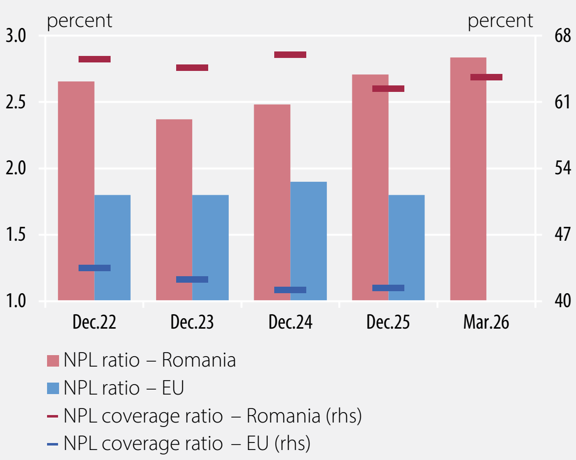
3.1.2. Asset quality

In terms of asset quality, the Romanian banking sector further holds a robust position, but the recent period has been marked by an asset quality worsening trend that started in the latter half of 2025. Since the previous *Report*, the non-performing loan ratio has worsened slightly to 2.9 percent in October 2025, before edging down to

2.8 percent in March 2026 (Chart 3.10). This development runs counter to that seen at EU level, where the NPL ratio is significantly lower (1.8 percent in December 2025). Looking at the developments by type of borrowers, the NPL ratio for corporate exposures deteriorated more visibly, while in the case of households it stayed relatively stable (for further details, see Chapter 2).

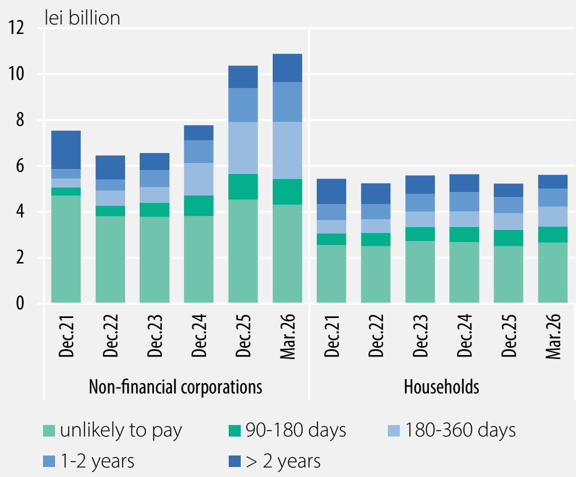
The breakdown of loans and advances shows that 85.3 percent of them were classified in Stage 1, with high-risk (i.e. Stage 2) loans accounting for 11.3 percent in March 2026. As for non-financial corporations, however, the share of Stage 1 loans and advances is smaller (79 percent, March 2026), whereas those classified under Stage 2 and Stage 3 accounted for 15.6 percent and 5.1 percent, respectively, of total loans and advances. Turning to households, 85.1 percent of the loans were classified in Stage 1, with the share of loans in Stage 2 standing at 11.6 percent, and only 2.9 percent of exposures classified in Stage 3 loans.

Chart 3.10. NPL ratio and NPL coverage ratio in Romania and the EU



Source: NBR, EBA

Chart 3.11. Overdue loans by type of loan



Source: NBR, NBR calculations

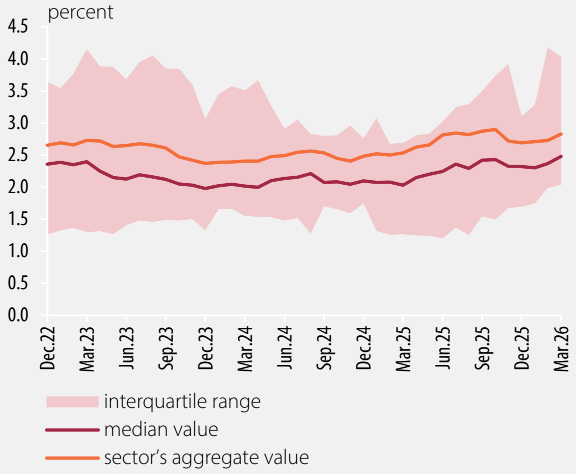
The stock of non-performing loans illustrates a significant share of "unlikely to pay" exposures (39.6 percent for corporate loans and 47.4 percent for loans to households). Approximately 28 percent of the non-performing loans to households fall into the category of loans with repayment delays of less than one year, while for companies their share is slightly higher (33.1 percent). The loans overdue for one to two years made up 13.8 percent of total non-performing loans for households and 15.8 percent for non-financial corporations (March 2026, Chart 3.11).

At present, around 64 percent of total non-performing loans are subject to Regulation (EU) 2019/630 (as regards minimum loss coverage for non-performing exposures). This percentage reflects the growing importance of these prudential requirements aimed at expediting the accounting recognition of losses (by deducting the positive difference between the required minimum loss coverage and the value adjustments recognised by credit institutions). This prudential backstop helps prevent any excessive build-up of non-performing exposures in credit institutions' balance sheets.

Banks in Romania maintain a prudent approach to credit risk management, the NPL coverage by provisions being further high (63.6 percent, March 2026), above the EU average (41.4 percent, December 2025). The non-performing loan coverage by provisions is associated with the weaker prospects for the recovery of these exposures, corporate exposures in particular. Even though the NPL ratio is low from a historical perspective, Romania has one of the highest non-performing loan ratios in the European Union, only Poland reporting more elevated NPL ratios[91].

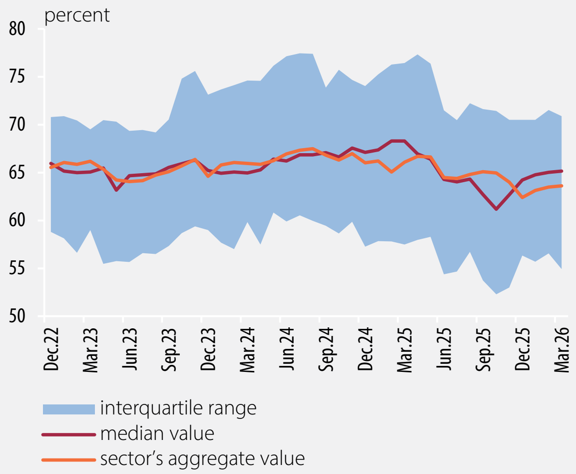
The recent levels of the NPL ratio suggest that the asset quality deterioration has become widespread across the banking sector, yet no significant rise in the dispersion among institutions was detected. Moreover, the persistence of a stable differential between the median and the aggregate value indicates the absence of a sharper worsening among the large credit institutions, with this phenomenon being noted in the banking sector as a whole (Chart 3.12).

Chart 3.12. Overdue loans by type of loan



Source: NBR, NBR calculations

Chart 3.13. Interquartile distribution of the NPL coverage ratio



Source: NBR, NBR calculations

Developments in the NPL coverage by provisions and a narrow differential between the median and the mean values over the entire horizon under review point to a conservative loss recognition policy (Chart 3.13).

The negative developments in the domestic macroeconomic framework, marked by structural imbalances, inflationary pressures (also as a result of highly volatile energy markets), an uncertain political landscape, uncertainties stemming from the global geopolitical situation and an impact of the implementation of fiscal consolidation measures, call for a prudent credit risk management in order to reduce the implications for capital adequacy.

91 According to EBA, EBA Risk Dashboard – Q4 2025.pdf

3.1.3. Structural adjustments and implications for profitability

Since the previous *Report*, the assets of the Romanian banking sector have continued to strengthen, reaching lei 1,008.4 billion in March 2026 (an annual increase of 9.5 percent), in spite of an uncertain macroeconomic environment and relatively tight lending conditions. Looking at banks' portfolios, exposures to the general government prevail (27.6 percent of total bank assets in March 2026), followed by loans to non-financial corporations (21.8 percent) and household credit (20.6 percent). The annual growth rate of loans to households remained higher than that of corporate loans, the former's stock increasing by 7.9 percent (March 2026) compared to 5.8 percent in the case of the latter[92]. As for funding costs, the average interest rate for household loans stood at 8 percent in March 2026, whereas that for loans to non-financial corporations was around 8.6 percent.

The breakdown shows that private sector credit is primarily denominated in domestic currency (67.8 percent in March 2026), compared to end-2014, when foreign currency loans held the larger share (56.4 percent), Chart 3.14. This development reflects both the implementation by the NBR of a broad set of macroprudential measures aimed at discouraging foreign currency lending to unhedged borrowers, as well as changes in banks' and borrowers' behaviour following the materialisation of risks associated with foreign currency lending after the global financial crisis.

Over the recent period, however, non-financial corporations have gradually shifted towards foreign currency funding, given the interest rate differential. The share of the foreign currency component in the stock of corporate loans widened to 52 percent in March 2026 (compared to an average of 42.4 percent in 2016-2024), which highlights the larger role of this type of funding in the corporate sector. This can contribute to an increase in balance sheet vulnerabilities for firms that are not naturally hedged against currency risk.

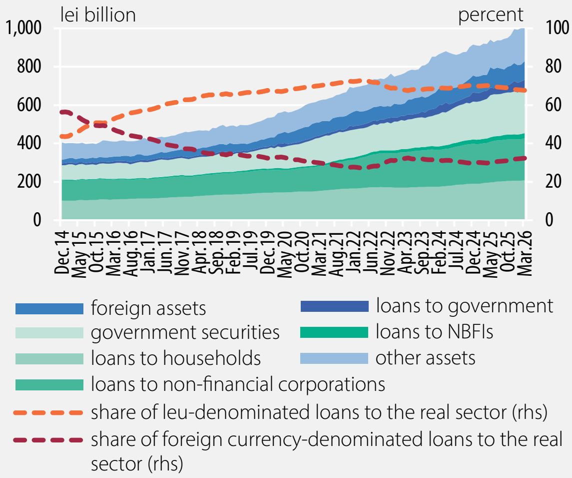
Moreover, the importance of loans to non-monetary financial institutions has grown gradually (Chart 3.14), as their share in the balance sheet was 2.6 percent in March 2026 (versus only 0.9 percent at end-2014) and they posted an annual pace of increase of 13.1 percent (March 2026). Claims on the government (in the form of government securities and loans) are another item holding a significant share in banks' balance sheet. In March 2026, debt securities issued by the general government accounted for 22.9 percent of bank assets, while loans to the general government made up 4.7 percent. The annual growth rate of these assets was significantly above that of lending to the real sector, especially in the case of government securities (+13.7 percent, March 2026). Foreign assets continued to strengthen, in March 2026 reaching a 9.6 percent share in the balance sheet (compared to 5.9 percent in March 2015).

The liabilities of the Romanian banking sector are mostly deposits from the real sector. In March 2026, household deposits accounted for 41 percent of total liabilities, whereas corporate deposits held a 22.7 percent share. The interest rates for such

[92] The developments were determined based on data in the aggregate monetary balance sheet of credit institutions.

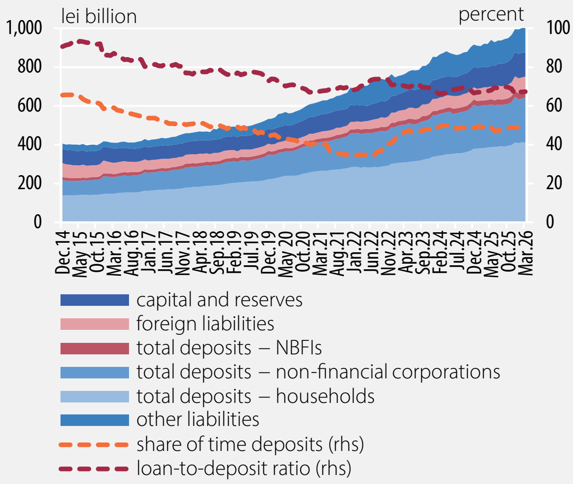
funding sources posted marginal declines in March 2026 compared to end-2025. Households' outstanding time deposits had, on average, an interest rate of 5.2 percent (versus 5.3 percent at end-2025), while in the case of non-financial corporations, the average remuneration stood at 5.4 percent (compared to 5.6 percent in 2025).

Chart 3.14. Main assets of the Romanian banking sector



Source: NBR

Chart 3.15. Main liabilities of the Romanian banking sector



Source: NBR

The growth rate of household deposits remained robust (+8.1 percent in annual terms), suggesting the further consolidation of savings. By contrast, corporate deposits witnessed a more moderate increase (+3.3 percent). Deposits from non-monetary financial institutions, albeit still holding a small share in banks' liabilities (3 percent), continued to post swift annual dynamics (+23 percent).

The breakdown shows that overnight deposits continued to prevail (50.3 percent in March 2026, Chart 3.15), sustaining further low funding costs compared to wholesale funding sources, with positive effects on the banking sector's operational efficiency and profitability. In spite of the high level of stability associated with deposit-based funding, the digitalisation of bank services may increase the volatility of these resources in stress episodes. Other relevant liability items are capital and reserves (12.4 percent of the total, with an annual growth rate of 16.8 percent) and foreign liabilities (7.8 percent of total liabilities and an 18.9 percent rise in annual terms).

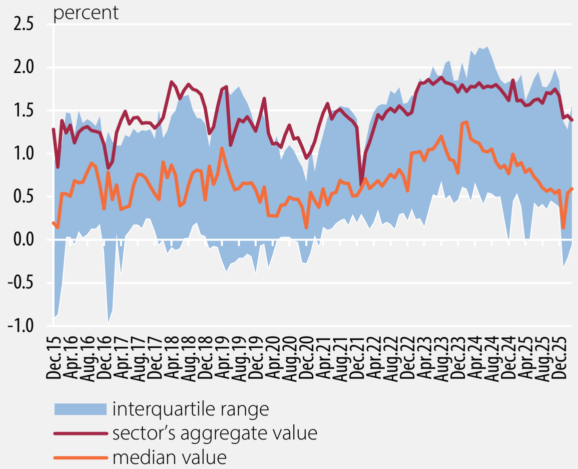
The loan-to-deposit (LTD) ratio further stands below one (67.4 percent in March 2026), pointing to a high potential for lending to the real sector and reflecting the low financial intermediation in Romania, amid structural vulnerabilities of the real sector and hence a weak eligible demand.

Since the previous *Report*, the profitability of the Romanian banking sector remained adequate, having a positive impact on credit institutions' resilience. Profitability ensures a good capacity to absorb potential shocks, especially in the current macroeconomic and geopolitical environment, fraught with high uncertainty. The net financial result of the banking sector at end-2025 was lei 15.4 billion (versus lei 14.2 billion at end-

2024), corresponding to an ROA of 1.7 percent and an ROE of 17.6 percent (December 2025). In March 2026, the aggregate net profit stood at lei 3.4 billion (down from lei 3.7 billion in the same year-ago period), the profitability indicators declining slightly (ROA: 1.4 percent, ROE: 14.1 percent). These developments reflect moderate income dynamics, along with an increase in credit risk cost and a marginal decline in asset quality. Moreover, operational efficiency decreased slightly, the cost-to-income ratio reaching 52.0 percent in March 2026 (versus 51.4 percent in March 2025). This stems from the faster growth rate of operating costs than that of operating income, *inter alia* due to the hike in turnover tax for credit institutions. Recent consolidation processes, reflected in the completion of some mergers and acquisitions, as well as in the start of new such transactions, contribute to increasing operational efficiency and to strengthening credit institutions' competitive position, with favourable effects on medium-term profitability.

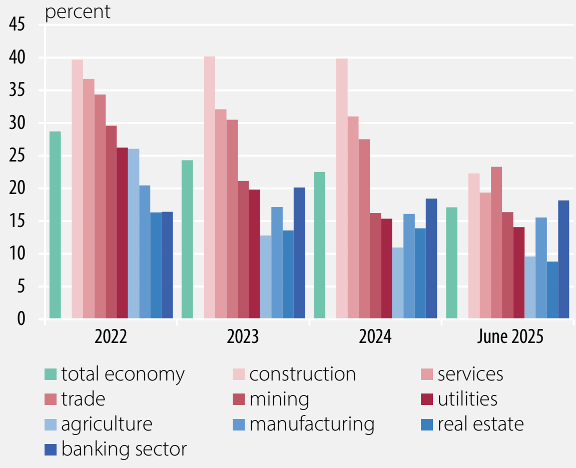
From a regional perspective, countries such as Hungary, Poland, and Bulgaria have a higher ROA than Romania, but the profitability indicators of the local banking sector are above the EU average. Profitability plays a key role in supporting banking sector stability. However, in the recent period, banks' profitability indicators have been visibly below those of other sectors in the real economy (Chart 3.17).

Chart 3.16. Interquartile distribution of ROA



Source: NBR, NBR calculations

Chart 3.17. ROE distribution by main economic sector

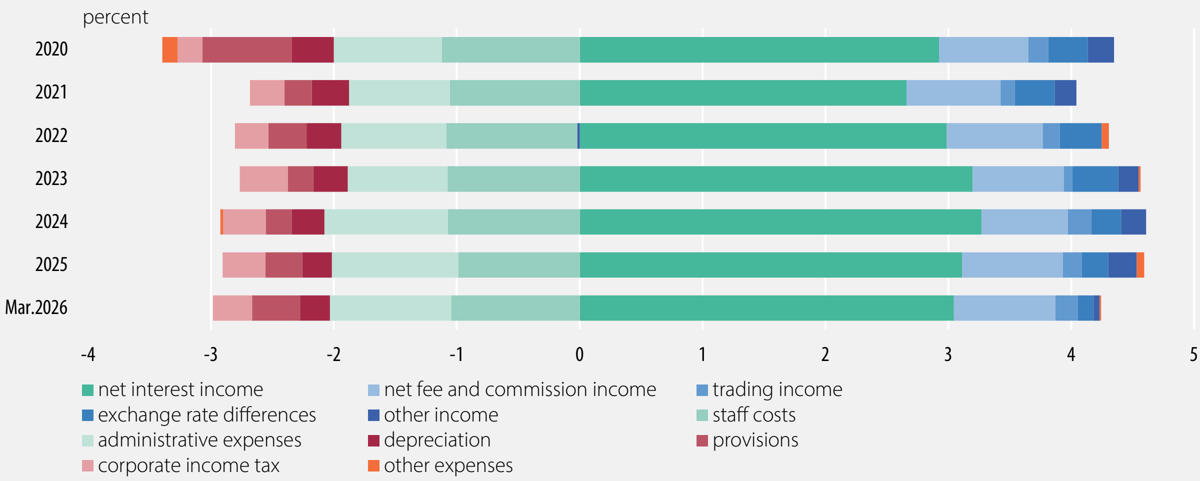


Source: NBR, MF, NBR calculations

The recent interquartile distribution of the ROA pointed to an improving trend compared to 2015-2020. Although the sector's profitability remains adequate, it slowed down, also in the context of the turnover tax for credit institutions. In addition, credit institutions' financial results are highly heterogeneous (Chart 3.16). The median standing below the average posted by the banking sector shows a polarisation of profitability, determined by large banks' better operational efficiency.

Net interest income and net fee and commission income (with a share of 69.5 percent and 18.9 percent respectively of total operating income in March 2026) were the main items underpinning the favourable developments in operating income. In March 2026, they accounted for 3 percent and 0.8 percent respectively of average total assets (Chart 3.18). Trading income also held a significant share in operating income in March 2026 (4.1 percent).

Chart 3.18. Income and expenses as a share of banks' average assets



Source: NBR, NBR calculations

The increase to 4 percent in the turnover tax in mid-2025, applicable between June 2025 and December 2026, exerts additional pressure on operating expenses. For banks with a market share below 0.2 percent, the turnover tax remained unchanged at 2 percent.

The profitability of the banking sector could be influenced in the coming period by a series of additional challenges generated by adapting to new operational, technological, and regulatory requirements. The costs related to compliance with the DORA framework and to the efforts to strengthen cyber resilience could affect the dynamics of operational efficiency. Moreover, although efforts to simplify the prudential and reporting frameworks at EU level aim to enhance the proportionality and efficiency of the applicable requirements, the transition period may imply additional implementation and adjustment costs for credit institutions. The expansion of transparency requirements related to Pillar III also generates implications for banks' operational resources.

3.1.4. Interconnection of banks with the government sector and its implications for market risk

The significant holdings of sovereign debt instruments by the banking sector are further an important structural feature of credit institutions, reflecting, on the one hand, their role in government financing and, on the other hand, the favourable prudential treatment and high liquidity of government securities. Against this backdrop, government securities perform multiple functions simultaneously: (i) instruments for investing excess liquidity, (ii) assets eligible for determining liquidity reserves, and (iii) eligible collateral for repo agreements conducted with the central bank.

All these advantages fuelled credit institutions' appetite for these instruments and hence maintained a high structural demand from the banking sector. Local banks have recently increased steadily their holdings of government securities, which came in at lei 230.7 billion in March 2026 (against lei 79.6 billion at end-2015).

Nevertheless, the elevated level of these exposures creates a strong interdependence between the banking and the government sectors. Under favourable market conditions, this interdependence does not pose risks, but under adverse scenarios, this build-up may become a channel for the spillover and amplification of risks, with potentially systemic implications. Furthermore, holdings of securities increase the duration mismatch between bank assets and liabilities, as a possible shock of higher interest rates would entail a decrease in the economic value of capital.

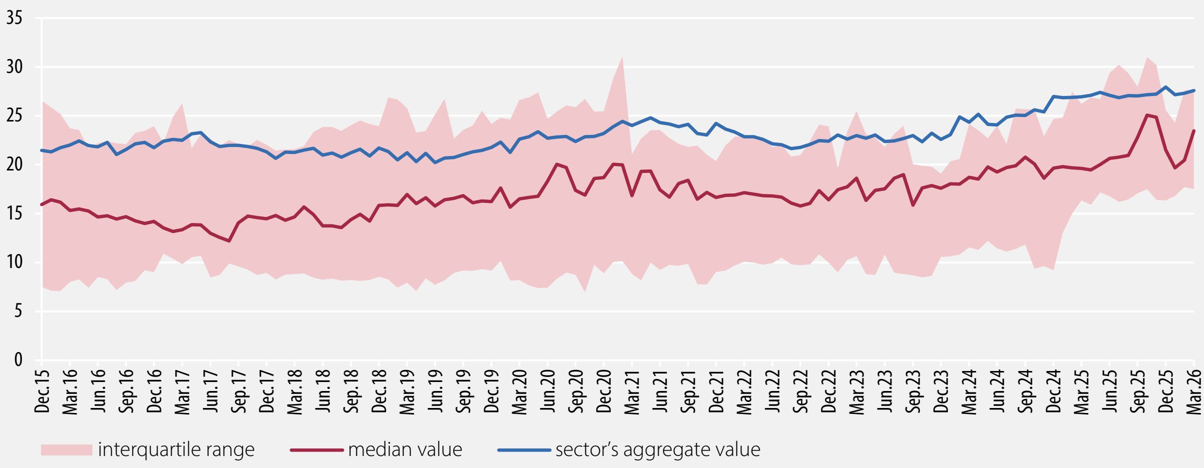
The main risk channel is that related to the interest rate risk. The rise in government bond yields prompts negative adjustments to the market value of banks' portfolios, the effects being more pronounced for the instruments measured at fair value through profit and loss (FVPL) or at fair value through other comprehensive income (FVOCI). Even for the portfolios held at amortised cost (AC), interest rate risk remains relevant as it may affect future income and, indirectly, the capital position. At the same time, financial market volatility, especially amid monetary policy changes at international level or heightened macroeconomic and geopolitical risks, has an impact on government security yields, thus affecting banks' holdings. The high levels of general government deficit and public debt are also likely to negatively impact the interest rates at which the state is financed by increasing sovereign risk premia.

Apart from interest rate risk, the allocation of a significant percentage of banks' liquid assets for acquiring government securities may lead to crowding-out effects on real sector lending. The preference for government securities to the detriment of long-term loans granted to the real sector reduces financial intermediation and may affect the economy as a whole due to more difficult access to bank lending, as shown *inter alia* by the developments in the loan-to-deposit (LTD) ratio in the recent period, which fell from 86 percent at end-2015 to 67.4 percent in March 2026.

The interconnection with the government sector is also manifest via the granting of loans to the government. Even though, historically, the volume of bank loans granted was not equivalent to a large portion of assets, during the recent period it went up, reaching lei 47.6 billion in March 2026 (17.1 percent of total bank claims on the government sector). By comparison, at end-2015, loans to the general government amounted to approximately lei 10 billion, accounting for only 10 percent of bank claims on the government sector.

At bank level, the recent period has seen a convergence trend in credit institutions' behaviour towards holdings of government debt, as reflected in the narrowing of the interquartile range of their share in total assets (Chart 3.19). While between 2015 and 2020 there was a higher dispersion among banks (suggesting different approaches to portfolio allocation, with some banks more oriented towards holding government debt and others in favour of lending), developments in recent years point to a gradual alignment of portfolio allocation strategies.

Chart 3.19. Interquartile distribution of the share of claims on the government sector in total bank assets



Source: NBR, NBR calculations

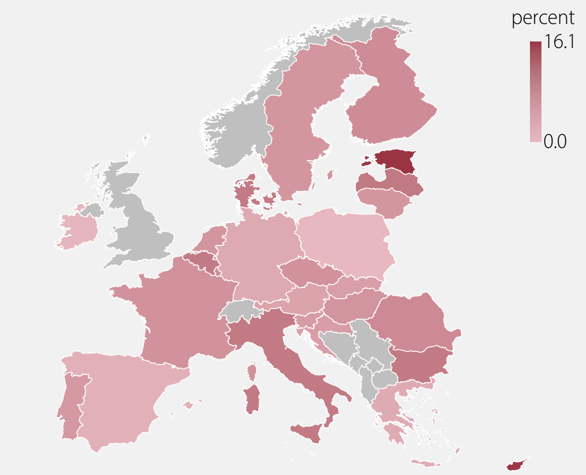
This convergence is also reflected by the accompanying increase in the central level of distribution (both the median and the aggregate value at sectoral level), suggesting that the rise in sovereign exposures was a relatively broad-based phenomenon across the banking sector, not driven solely by a few institutions. However, the aggregate value at sectoral level staying steadily above the median hints at a slightly asymmetric distribution, with large banks further holding larger shares of these exposures as a direct consequence of low average funding costs (Chart 3.19).

3.2. Non-bank financial institutions

Non-bank financial institutions (NBFIs) are an important pillar of the Romanian financial system, given the role they play in financing the real sector. In December 2025, NBFIs' total assets amounted to lei 80.8 billion, up 16.4 percent year on year. The credit to the real sector also grew at a robust pace, standing almost 16 percent higher in December 2025 than a year earlier. In 2025, the loan portfolio extended to households increased significantly, with the outstanding amount 27.7 percent above the level recorded in December 2024. Nevertheless, the non-financial corporations segment continued to dominate the portfolio, accounting for 76 percent of the total loan stock in December 2025.

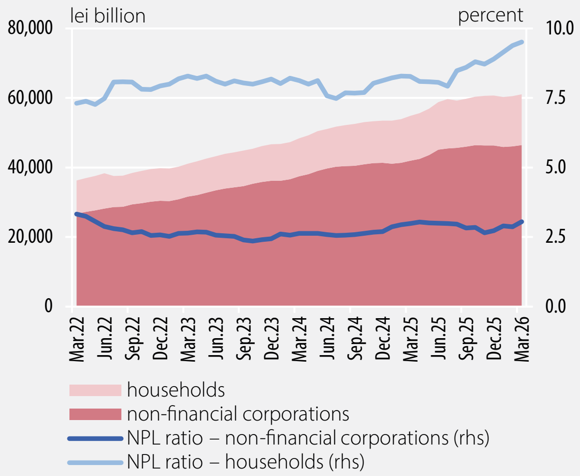
NBFIs continue to play an important role within the Romanian financial system, although their share in total financial system assets declined by 0.2 percentage points over the past year. The sector accounted for 5.8 percent of total financial system assets, exceeding the shares held by insurance corporations and investment funds. By this measure, Romania ranks among the EU countries where this sector has a relatively large weight, above the EU average of 4.2 percent (Chart 3.20). In addition, NBFIs' total assets amounted to 4.2 percent of GDP, up slightly from end-2024 (+0.2 percentage points).

Chart 3.20. NBFIs' share in total financial system assets, EU comparison



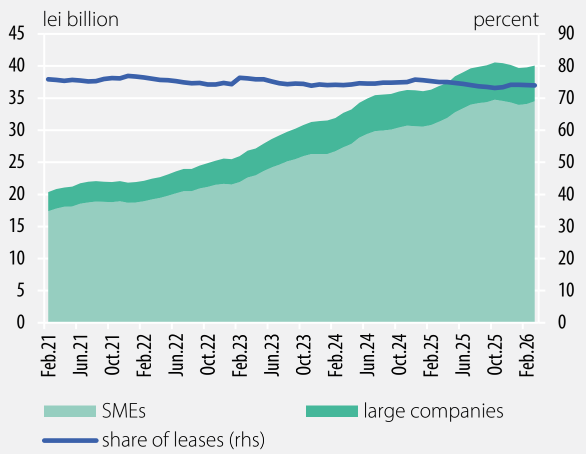
Source: Eurostat, NBR calculations

Chart 3.21. Stock of loans and NPL ratio by lending segment



Source: NBR, CCR

Chart 3.22. Foreign currency-denominated loans by company size and the share of leases



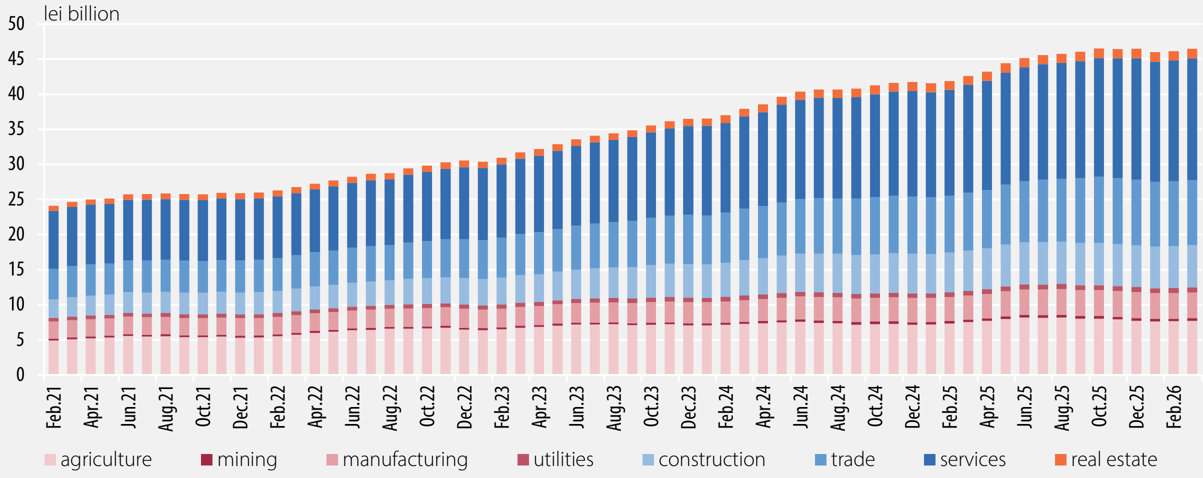
Source: CCR, MF, NBR

The NBFIs' loan portfolio to the real sector continues to be dominated by non-financial corporations (holding 76 percent of the stock of loans), with most loans granted to this sector denominated in foreign currency, Chart 3.21. The share of foreign currency-denominated loans to non-financial corporations has remained broadly stable over the past two and a half years, fluctuating within the 86-87 percent range, and taking up particularly 86.3 percent of total loans in March 2026. Leases further represent a key component of NBFIs' lending activity, accounting for around 65 percent of total exposures in March 2026 and exhibiting a slightly better performance than that of the aggregate portfolio. The NBFIs' NPL ratio for exposures to non-financial corporations stood at 3.1 percent, 0.1 percentage points above the level recorded in the first part of 2025, while the NPL ratio for leases came in at 2.4 percent in March 2026.

The high concentration of foreign currency-denominated loans may expose certain vulnerabilities, given the recent pressures stemming from the depreciation of the leu, which reached record lows against the euro in May 2026, compounded by the existing challenges facing Romanian companies. Furthermore, foreign currency-denominated loans granted by NBFIs to Romanian companies are mainly targeted to small- and medium-sized enterprises (SMEs), which account for around 86 percent of total exposures (Chart 3.22) and represent a riskier segment than loans to large companies, as reflected in their higher NPL ratio. The NPL ratio stood at 2.6 percent for SMEs in March 2026 versus 0.5 percent for large companies.

Leasing is a key component of the NBFIs' business model. This segment is generally denominated in foreign currency and over the past 12 months it increased by 8.4 percent (March 2026), at a pace slightly below the 9 percent growth recorded by the total loan stock.

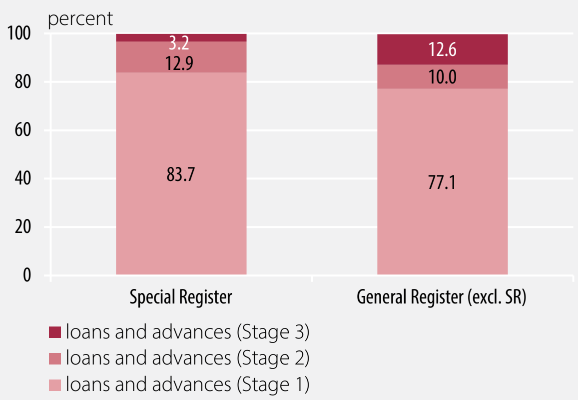
Chart 3.23. NBFI loans by economic sector



Source: CCR, MF, NBR

From a sectoral perspective, the NBFIs' loan portfolio to non-financial corporations is mostly focused on services firms, totalling 37.3 percent of total exposures. Trade and agriculture also account for significant shares, taking up 19.8 percent and 16.6 percent, respectively. By contrast, mining holds the lowest share, only 0.8 percent of total exposures (Chart 3.23).

Chart 3.24. Assets by IFRS 9 impairment stage as a share in total loans and advances, March 2026*



*) The difference up to 100 percent consists of purchased or issued financial assets that became impaired.

Source: NBR, CB, NBR calculations

The household loan portfolio further recorded rather robust growth, with an annual rate of 13.5 percent in March 2026. Since September 2024, its year-on-year growth rate has exceeded that of loans granted to non-financial corporations. Total loans to households made up lei 14.6 billion in March 2026, with more than 98 percent denominated in domestic currency. The preference for leu-denominated loans continued to strengthen to the detriment of foreign currency loans, with the average annual dynamics over the past 12 months standing at 17.8 percent for the former versus -14.5 percent for the latter. However, asset quality in this lending segment deteriorated, as reflected in the 1.2 percentage point increase in the NPL ratio[93] from the previous year, up to 9.5 percent (Chart 3.24).

In 2026 Q1, the share of loans and advances for which credit risk did not increase markedly since initial recognition (Stage 1 under IFRS 9) stood at 83.7 percent of the portfolio for NBFIs in the Special Register and at 77.1 percent for NBFIs in the General Register. Significant changes in the breakdown of loans and advances by impairment stage were observed only for the NBFIs enlisted exclusively in the General Register, where the share of credit-impaired assets (Stage 3) rose by around 6 percentage points from the year before, reaching 12.6 percent of the total (Chart 3.24). This development was driven by the migration of assets for which credit risk had increased significantly since initial recognition from Stage 2 to Stage 3. Turning to the NBFIs in the Special Register, which account for around 97 percent of this segment's total assets, impaired assets take up 3.2 percent of the total, even marking a slight improvement of 0.1 percentage points against 2025 Q1.

[93] The NPL ratio in the case of NBFIs is calculated as the share of exposures more than 90 days past due in total exposures.

4. FINANCIAL SYSTEM INFRASTRUCTURE – STABILITY OF PAYMENT AND SECURITIES SETTLEMENT SYSTEMS[94]

In 2025 H2, payment and securities settlement systems in Romania continued to function smoothly, without major operational incidents.

The National Bank of Romania has been steadily monitoring financial market infrastructures in order to ensure their effective and safe operation with a view to maintaining financial stability. This implies, *inter alia*, monitoring and testing the action plans where improbable but predictable risks materialise, in line with international standards and the national legislation in force.

4.1. Stability of payment systems

Functioning of ReGIS[95]

In the period under analysis, no changes were made to the rules governing ReGIS; the system functioned optimally, the average settlement ratio coming in at 99.99 percent and the availability ratio standing at 100 percent, considering also that payment instructions reached a peak number of 87,266 on 19 December 2025, without encountering capacity constraints.

Looking at the activity of ReGIS, the number of transfer orders went up to 6.59 million, while the value of processed payments increased to lei 12,143 billion compared to lei 12,012 billion recorded in the previous six month-period. The liquidity risk remained low, in the absence of gridlock situations in the waiting queues, concurrently with the pick-up in the number of required intraday loans from 216 in 2025 H1 to 252. Given the number of participants (33), the moderate developments in the concentration ratios (64.78 percent in terms of volume and 62.90 percent in terms of value) support the resilience of the system and indicate a low likelihood for the contagion risk to become manifest.

94 This chapter was prepared by the Financial Market Infrastructures and Payments Oversight Department.

95 ReGIS is the most important payment system in Romania, ensuring the real-time gross final settlement of participants' transfer orders and of net positions arising from ancillary systems.

Functioning of SENT[96]

In 2025 H2, the system rules governing SENT (run by Transfond S.A.) were amended and supplemented, *inter alia*, by extending the eligibility for indirect participation of non-European Economic Area legal entities that have joined the SEPA scheme and by introducing AltSENT, as an alternative solution for processing credit transfers where multiple and instant payment in lei components are not available. The system functioned optimally, the monthly availability ratio standing at 99.99 percent[97].

Looking at the activity of SENT, the value of processed payments picked up slightly to lei 293 billion for multiple payments in lei (for 73.52 million transactions) and to lei 169.28 billion for instant payments in lei (for 118.39 million transactions). At the same time, the value of payments in euro went up to EUR 2.33 billion, in spite of mild decreases in traded volumes (from 294 thousand transactions to 285 thousand transactions). The settlement ratios[98] continued to be high (standing at 99.36 percent for transactions in lei and at 100 percent for transactions in euro), with the netting ratio coming in at 30.23 percent, without significant risks[99], while the moderate developments in the concentration ratios, given a number of 35 participants in SENT, indicate a lower contagion risk in the system.

4.2. Securities settlement systems

Functioning of SaFIR

In 2025 H2, SaFIR system rules remained unchanged; the system functioned optimally, with the availability ratio standing at 100 percent and settlement ratios amounting to as high as 99.53 percent for transactions in lei and 100 percent for transactions in euro.

The aggregate value of leu-denominated securities recorded in SaFIR went up to lei 441 billion from lei 422.55 billion in the previous six-month period. The number of transactions rose to 30,448 worth lei 941 billion. Nevertheless, the number of transactions in euro dropped from 367 to 246, worth EUR 1.29 billion, compared to EUR 4 billion in 2025 H1. Free-of-payment transfers picked up to 5,362, while the number of participants amounted to 30, of which credit institutions, three central depositories and the Ministry of Finance.

96 SENT is an electronic system for the multilateral netting of retail interbank payments among participants, during several daily sessions.

97 The system rules set forth a minimum accepted limit of 99 percent.

98 Calculated as a ratio of the value of netted-settled transfer orders to the value of processed transfer orders

99 The alert threshold consists in a netting ratio below 10 percent, coupled with large-value net debit positions, which can pose systemic risks if a critical participant does not participate in the settlement.

Functioning of RoClear

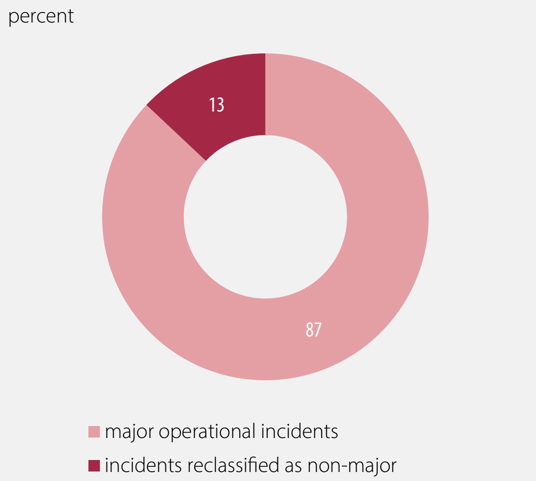
During the period under review, the Central Depository, the administrator of the securities settlement system RoClear, did not change the system rules.

RoClear continued to function smoothly, without operational incidents.

4.3. Operational and security incidents affecting payment services providers

In 2025 H2, nine payment services providers (PSPs) reported to the central bank 15 major operational incidents and one major security incident out of which two were reclassified as non-major, based on an ongoing assessment by the entities affected or at the request of the central bank, pursuant to Regulation (EU) 2022/2554 on digital operational resilience for the financial sector, amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 (DORA) and the legislation issued under that Regulation. One of the incidents reported and reclassified as non-major during 2025 H2 affected payment services in 2025 H1.

Chart 4.1. Breakdown of incidents reported in 2025 H2



Source: NBR

The impact of the major incidents materialised in the unavailability or low performance of some services concerning: (i) the initiation of payment operations with electronic payment cards, including cash withdrawal/deposit operations (the impossibility of using POS/ATM terminals), (ii) the settlement of authorised payment transactions, (iii) the acceptance of payment operations, including those initiated via electronic payment cards, and (iv) users' authentication in banking apps. The incidents reported by payment services providers had no impact on the services provided in other Member States.

The average number of payment services users affected by major incidents, including incidents subsequently reclassified, stood at approximately 22,000, while the average number of payment operations affected came in at around 33,300. The values communicated by payment services providers are equally actual values and estimates based on the data available for comparable reference periods.

The National Bank of Romania received notifications of major incidents recorded in other Member States that affected their clients, but none of these incidents had an impact on financial stability. This exchange of information at the level of the European Union prompts a rapid response from the competent authorities in order to protect the financial interests of users of payment services as well as to safeguard financial stability.

4.4. Technological innovation and payment services security

Through the FinTech Innovation Hub, the National Bank of Romania ensures the ongoing and consistent monitoring of innovative solutions developed for payment services and instruments. No applications were received by means of this hub in 2025 H2, the total number of applications received remaining unchanged at 75.

In 2025 H2, fraud scenarios saw no significant changes compared to the previous six-month period, the same types already identified for H1 being further reported. Thus, social engineering frauds continued to prevail, while the methods used by attackers, such as smishing, phishing, spoofing or identity theft, remained frequent. Although no new types of frauds were detected, the combination of these methods has been diversified in order to enhance the effectiveness of attacks.

5. FINANCIAL STABILITY, REGULATORY FRAMEWORK AND MACROPRUDENTIAL POLICIES

5.1. Capital buffers applicable to credit institutions, Romanian legal entities

Risks to financial stability in the European Union are further elevated, due to recent geopolitical events. In its March 2026 meeting, the General Board of the European Systemic Risk Board (ESRB) noted that the escalation of the conflict in the Middle East led to high volatility in energy prices, particularly oil and gas prices, as well as to repricing in bond markets, amid the rise in inflation expectations. Nevertheless, the EU economy and financial system have shown broad resilience to these events.

However, the persistently high energy prices and uncertainty could lead to balance sheet stress for both households and companies, particularly in energy-intensive sectors. In this context, the ESRB General Board emphasised that this could have as a result the rise in credit risk and sovereign risks in the medium term. In light of the vulnerabilities highlighted above, the General Board stressed the need to preserve the current level of resilience across the EU financial system.

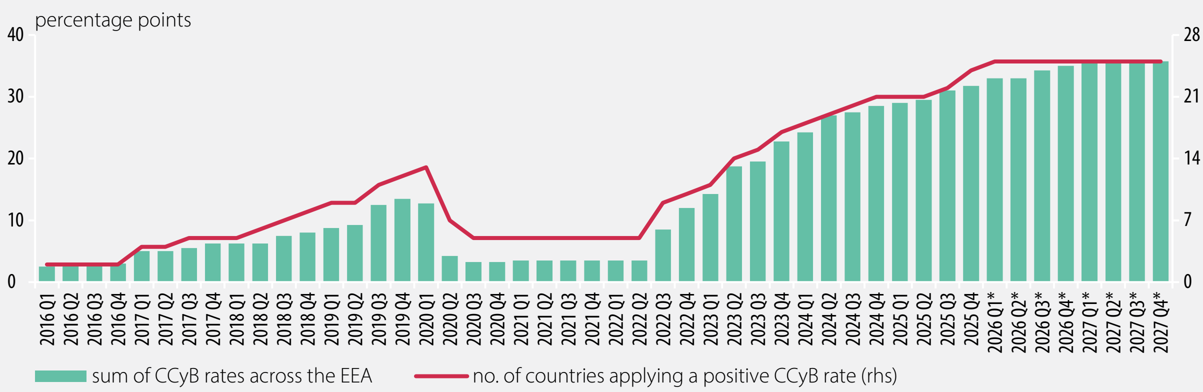
Geoeconomic fragmentation and geopolitical risks are another important issue on the European agenda. According to the joint ESRB/ECB report – *Financial stability risks from geoeconomic fragmentation* (January 2026) –, these developments and risks have become more prominent in recent years, having a significant impact on global economic and financial developments. Geopolitical risks propagate through multiple channels, from military conflicts to trade tensions, and may amplify macro-financial vulnerabilities.

The indicators analysed in this report point to a heightening of these risks, especially amid the mounting uncertainty surrounding economic and trade policies in the 2024-2025 period. The inclusion of these factors in growth-at-risk estimates shows a worsening of economic growth prospects, while on the financial side, they tend to raise systemic stress, resulting in tighter lending conditions. The impact is heterogeneous across EU countries, being stronger in economies with high trade openness or higher public debt.

Another topic of interest for European authorities is the interconnectedness between credit institutions and non-bank financial intermediation (NBFI) entities. According to the joint ESRB/ECB report – *Financial stability risks from linkages between banks and the non-bank financial intermediation sector* (February 2026) –, the vulnerabilities related to leverage and liquidity in the NBFI sector may be relevant sources of risk, given that credit institutions play a central role in the provision of liquidity and financial intermediation services. These interactions can give rise to risk spillovers and amplify shocks, exposing banks to credit, funding and liquidity risks. Moreover, these interactions are significant at a global level, as they often involve non-EU entities and transactions denominated in other currencies, which may expose EU banks to spillovers from international financial markets.

As regards the macroprudential policy, the countercyclical capital buffer (CCyB) is one of the most widely used instruments across the European countries. It has been implemented at European level since 2016, its rate being gradually raised by the end of 2019. Once with the outbreak of the COVID-19 pandemic, the European Banking Authority and the European Central Bank issued recommendations in order to support lending to the real sector in a period marked by heightened uncertainty, encouraging the competent authorities to use, when needed, the flexibility embedded in the regulatory framework. Following these recommendations, in a context of unfavourable growth prospects since the onset of the pandemic, the Member States that had previously activated this instrument decided to reduce the applicable buffer rates in their jurisdictions in part or in full.

Chart 5.1. CCyB rates in EEA countries



*) projection

Note: The measures considered were those announced by EEA countries for the respective quarters and available at the time of the analysis.

Source: ESRB

Starting with the second half of 2022, amid signs of economic recovery and the step-up in lending, many Member States have shifted their focus to strengthening banking sector resilience. This had largely as a result the replenishment of capital reserves meant to be used in the event of adverse shocks, including exogenous shocks, which led to a renewed cycle of CCyB rate increases (Chart 5.1).

Nevertheless, according to the 2026 data and the information available for 2027, the number of countries applying this instrument and the aggregate level of CCyB rates may reach a ceiling. This can be ascribed to the already significant built-up capital buffers that ensure solid ground for European credit institutions, on the one hand,

and to the persistently high uncertainty owing particularly to recent geopolitical events, on the other.

In Romania, the CCyB buffer rate was raised for the first time since its implementation into national law from 0 to 0.5 percent in the NCMO General Board meeting of 14 October 2021. According to the standard provisions of the European regulatory framework, this decision was applicable 12 months after its approval, i.e. starting 17 October 2022. Subsequently, during the meeting of 20 October 2022, the NCMO General Board approved a new increase in the CCyB rate, i.e. from 0.5 percent to 1 percent, effective as of 23 October 2023.

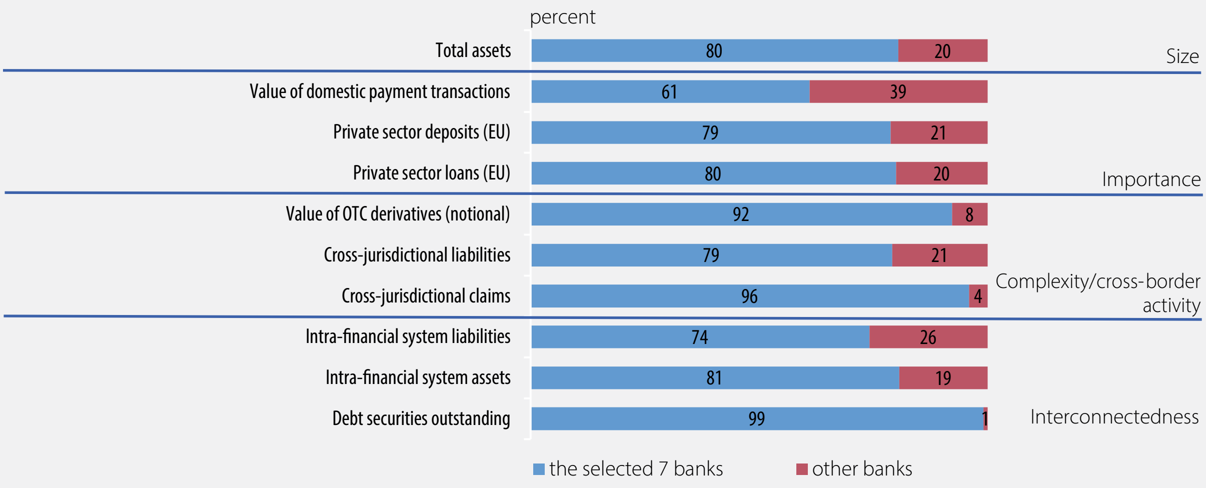
The two decisions were adopted in the context of sustained lending dynamics, which remained high in the post-pandemic period, as well as of the persistent domestic macroeconomic imbalances, especially the twin deficits. Moreover, the sound levels of liquidity, capitalisation and profitability of the banking sector, together with the further adequate credit standards and access to finance for eligible debtors, led to the rise in the countercyclical capital buffer rate, without having a negative impact on lending. This approach is in line with the broader trend of strengthening banking sector resilience, observed at European level in the above-mentioned period.

The systemic risk buffer (SyRB) stands out due to its high degree of flexibility, being the most adaptable of the four buffers provided for in the European regulatory framework. It can be calibrated depending on the specificities of the national banking sector and applied to all credit institutions or to a subset of those institutions. The buffer flexibility has been further enhanced via the amendments made by the CRD V regulatory framework, which enable the definition of combined buffer requirements. Specifically, the systemic risk buffer may apply to all exposures or to a subset of exposures, including sectoral exposures, third-country exposures, or to total or sectoral exposures in other Member States.

In Romania, the systemic risk buffer in its current setup has been applied since 30 June 2018. In terms of calibration methodology, the buffer rate is determined based on the NPL ratio and the NPL coverage by provisions. Depending on the averages recorded by the two indicators for a period of 12 months prior to application, the SyRB rate is set at 0 percent, 1 percent or 2 percent respectively. In the period from the buffer implementation and up to present, the NPL ratio has followed a downward trend, with temporary deviations, particularly in the first part of 2020, amid the outbreak of the COVID-19 pandemic. In this respect, it can be argued that the systemic risk buffer has proven efficient, the NPL ratio dropping from 6.16 percent before buffer implementation to 2.69 percent at end-2025. Furthermore, the dynamic analysis of bank distribution by SyRB rate shows the gradual migration to the category of banks using lower SyRB rates. The NPL coverage by provisions remained high, i.e. 62.6 percent (December 2025), standing above the EU average (41.4 percent in December 2025).

Turning to the other systemically important institutions (O-SII) buffer, based on the latest O-SII identification and calibration exercise for the reference date of 30 September 2025, the NCMO recommended the NBR to impose starting 1 April 2026 O-SII buffer requirements, on an individual or consolidated basis, as applicable[100], as follows: (i) 2.5 percent for Banca Transilvania S.A. (consolidated level), (ii) 2 percent for UniCredit Bank S.A. (consolidated level), (iii) 1.5 percent for Banca Comercială Română S.A. (consolidated level), BRD – Groupe Société Générale S.A. (consolidated level), (iv) 1 percent for Raiffeisen Bank S.A. (consolidated level), CEC Bank S.A. (consolidated level) and (v) 0.5 percent for Exim Banca Românească S.A. (individual level). In Romania, the O-SII buffer has been implemented since 1 January 2016, being applied to credit institutions identified as having a systemic nature, in compliance with the methodology harmonised with the provisions of Guidelines EBA/GL/2014/10[101].

Chart 5.2. Importance of O-SIIs in the Romanian banking sector as at 30 September 2025



Source: NBR

Credit institutions identified as systemically important play a decisive role in the Romanian banking sector, as shown by the indicators in Chart 5.2.

In 2025, 178 systemically important institutions were identified in EEA countries, down from 185 in 2024. Their number varies across countries depending on the specificities of each national banking sector. Looking at the O-SII buffer rates applied in 2025, three countries increased the maximum level and one country lowered the minimum level. Additionally, the floor for the O-SII buffer rate was raised in eight countries.

In a European framework for coordinating macroprudential measures, established to mitigate regulatory arbitrage risks, the NCMO General Board decided, after the release of the previous *Report*, not to apply through voluntary reciprocity the

[100] In accordance with the provisions of the European regulatory framework, implemented at national level, the O-SII buffer is applied at the highest consolidation level.

[101] EBA Guidelines on the criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs)

macroprudential measure adopted by Austria[102], given that the exposures of the Romanian banking sector to this country are immaterial.

5.2. The activity of the NBR in its capacity as resolution authority[103]

The bank resolution activity continued to focus on resolution planning, as no major disruptions affected banking operations in Romania.

Following the review of resolution plans, the resolution strategies set in the previous planning cycles were maintained. The NBR-RA's preferred resolution tool continues to be the bail-in tool for large local banks and the subsidiaries of cross-border groups with MPE resolution strategies, and the power to write down or convert capital instruments and eligible liabilities for the subsidiaries of cross-border groups with SPE resolution strategies. Conversely, for at least medium-sized local credit institutions, the sale of business or the bridge bank tool remained the main options considered.

In addition to updating the resolution plans, the current resolution activity focused on functional aspects. Specifically, the steps taken by credit institutions to improve resolvability were further monitored, *inter alia* as regards the compliance with EBA Guidelines, namely the development of operational handbooks, methodologies, processes and applications/databases relevant to resolution planning. Apart from objectives specific to each credit institution, which largely consider the development level of resolvability capabilities, in 2026, the first year of the multiannual resolvability testing programme, the NBR-RA evaluated banks' ability to swiftly provide, in the requested format, the necessary information/data for the assessment[104] of bank assets and liabilities in order to implement a resolution action. The main testing methods are the walkthrough and the dry run.

The aggregate minimum requirement for own funds and eligible liabilities (MREL) increased by 0.28 percentage points in 2025 H2 to 25.4 percent of the total risk exposure amount (TREA) of resolvable institutions, excluding the combined buffer requirement, whose weighted average rose marginally to 5.17 percent of the TREA (Chart 5.3). Depending on the category of resolvable entities, the average MREL (without the combined buffer requirement) is 25.66 percent of the TREA for credit institutions that are resolution entities[105] and 24.88 percent for institutions that are not resolution entities[106]. The surplus of eligible resources against the MREL (including the combined buffer requirement) reached 6.1 percent of the TREA (Chart 5.4).

102 The macroprudential measure is presented in Recommendation ESRB/2025/10.

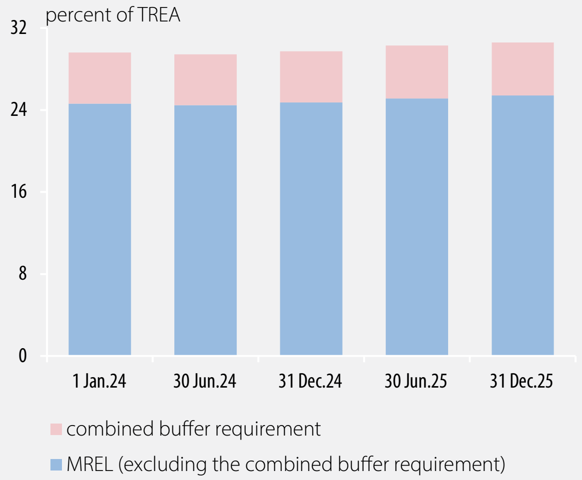
103 This section was prepared by the Bank Resolution Department.

104 The purpose of which is laid down in Art. 204 of Law No. 312/2015 on the recovery and resolution of credit institutions and investment firms

105 Banks in cross-border groups with a multiple point of entry (MPE) resolution strategy or local credit institutions subject to the resolution measures set forth in the resolution plan

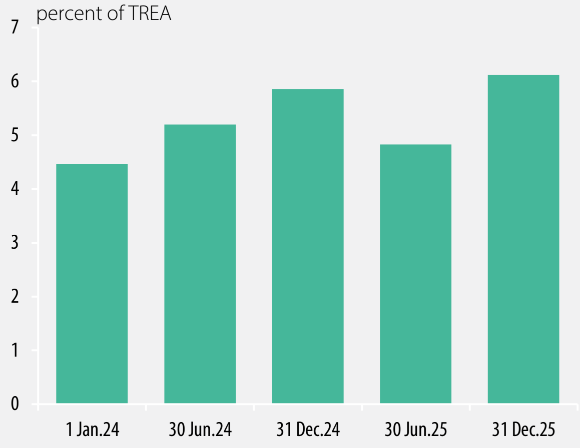
106 Banks in cross-border groups with a single point of entry (SPE) resolution strategy

Chart 5.3. MREL



Source: NBR

Chart 5.4. Surplus against the MREL including the combined buffer requirement



Source: NBR

MREL eligible resources were further raised largely via issues of debt instruments on the international capital markets, as well as locally, by credit institutions which are resolution entities. Apart from senior non-preferred (SNP) debt instruments, additional Tier 1 instruments were also issued. Moreover, credit institutions that are not resolution entities (subsidiaries of cross-border banking groups with Single Point of Entry resolution strategies) further reported SNP loans from parent banks (new loans or by extending the maturity of outstanding ones).

Bank Resolution Fund

As of 2026, the NBR-RA's approach to set the annual contributions to the Bank Resolution Fund is in line with that of the Single Resolution Board (SRB). It refers to ensuring the ex post verification, in the first quarter of every year (for the end of the previous year), whether the target level for the Fund's resources has been reached, as well as to determining and imposing annual contributions only when they fall below the regulatory threshold.

The Bank Resolution Fund's financial resources continued to rise in 2025, in absolute as well as relative terms, i.e. relative to the amount of covered deposits of credit institutions authorised on the territory of Romania (lei 347.69 billion as at 31 December 2025). The available amount totalled lei 3.83 billion, due to an increase by lei 0.46 billion versus the level recorded at end-2024, following the collection of contributions set for 2025 for credit institutions, Romanian legal entities, and the build-up of Fund's resources in the previous years. In this context, the Fund's resources as at 31 December 2025 accounted for 1.1025 percent of total covered deposits on the same date.

Thus, no contributions will be collected from the Bank Resolution Fund during this year.

Regulatory framework for bank resolution

Relevant developments were recorded in the primary legislation concerning the bank crisis management and deposit insurance (CMDI) framework, the related package of regulations being published in the Official Journal of the European Union at the end of the second 10-day period of April 2026.

The resolution framework will be updated at the level of secondary legislation, as the European Banking Authority published the final package amending regulatory technical standards (RTS) on own funds and eligible liabilities. This sets forth the shortening of the timeframe for competent and resolution authorities to process institutions' applications to reduce own funds and eligible liabilities instruments from four to three months, as the EBA concluded that authorities now have sufficient experience with these procedures to carry out the assessments more efficiently. Moreover, the provisions establishing the simplified procedure for liquidation entities to obtain the prior permission of the resolution authority for the reduction of eligible liabilities instruments were removed after the Daisy Chain Directive (Directive (EU) 2024/1174) fully repealed the requirement to obtain prior permission.

Special feature. Financial stability amid the escalating global geopolitical tensions

International background

The escalation of the Middle East conflict, owing to the military operation launched by Israel and the US against Iran, followed by the broadening of Iranian retaliatory measures at a regional level, is conducive to a major supply-side shock for the global economy, given the affected region's importance for international trade in energy, goods and commodities. Prior to the outbreak of the conflict, the Strait of Hormuz was the transit point for a significant share of global flows of crude oil, refined petroleum products and liquefied natural gas, which then plummeted to almost zero, marking one of the largest supply disruptions in the history of the global oil market. The conflict does not take its toll on the energy market alone, affecting in a broader sense the trade flows and the goods and commodities markets, *inter alia* amid the logistics-related disruptions generated by the war and the deterioration of the regional energy infrastructure. Looking ahead, high uncertainties still surround the persistence and magnitude of adverse effects, which hinge significantly on the duration, intensity and scale of the conflict.

The ripple effects of the shock are likely to be felt differently worldwide, based on the degree of dependency on energy imports, on the share of fossil fuels in the energy mix, on the diversity of supply sources, as well as on the economies' capacity to absorb the pressures from pricier goods and commodities. Moreover, the initial macroeconomic conditions may either compound or cushion the effects of the shock, as the economies that face higher inflation, limited fiscal space, wide external deficits or high financing needs are more vulnerable to the worsening of investor sentiment and to the tightening of financial conditions.

From the perspective of energy dependencies, European economies exhibit major structural vulnerabilities, as the EU continues to import energy to a significant extent, particularly oil, petroleum products and natural gas[107]. Even though Romania's energy dependency is lower than in the majority of European countries[108], the domestic economy is still exposed to developments in international and regional energy markets. This occurs *inter alia* via such channels as fuel prices, shipping costs,

[107] In 2024, the energy imports dependency rate in the EU was 57 percent, which means that net imports met more than half of the energy needs. Oil and petroleum products accounted for 67 percent of energy imports into the EU, followed by natural gas (24 percent).

[108] With Romania's energy imports dependency rate coming in at 30 percent. The exposure is higher for oil and petroleum products, as the dependency rate stood at 77 percent in 2024, whereas in the natural gas segment Romania's position is significantly more favourable (-0.5 percent dependency rate vs. 85 percent at EU level).

intermediate imports, and integration in European value chains, but also through the effects that the escalation of geopolitical risk can have on financial markets, investor risk appetite, sovereign risk premia and financing conditions.

These developments led to prompt responses from the authorities, including the release of 400 million barrels of strategic oil reserves by IEA member countries. Moreover, the IEA assessed that supply-side measures could be complemented by measures to lower demand, while some countries implemented temporary measures to mitigate the impact on consumers and exposed economic sectors. In European states, the increase in energy prices brought again to the fore the use of relief measures for households and companies, such as temporary price caps, limits on mark-ups, tax deductions or targeted compensation schemes. However, unlike the episode of the 2021-2023 energy crisis, the available fiscal space is more limited.

Over the short term, the implications for financial stability stem from the usual channels associated with the materialisation of a major geopolitical shock, namely the rise in energy and other commodity prices, bottlenecks in supply chains, the increase in uncertainty, and the worsening of investor sentiment in international financial markets, with potential effects on the financial system overall[109]. These developments are likely to exert additional pressures on inflation and to deteriorate the prospects for economic activity, directly affecting the financial standing of households and non-financial corporations, especially in energy-intensive sectors, with potential effects on credit risk. In addition, the public sector can be affected both through pressures on expenditures, *inter alia* in the event of adopting support measures for cushioning the impact on households and firms, and via the rise in financing costs, in the context of further high fiscal deficits and public debt levels worldwide (see also Section 1.1). At the same time, the heightening of uncertainty may lead to an adjustment of the global risk appetite, with effects on financial asset prices and volatility. Moreover, the tensions surrounding global financial conditions can amplify the vulnerabilities of emerging economies, including through exchange rate pressures, capital flow adjustments and higher risk premia.

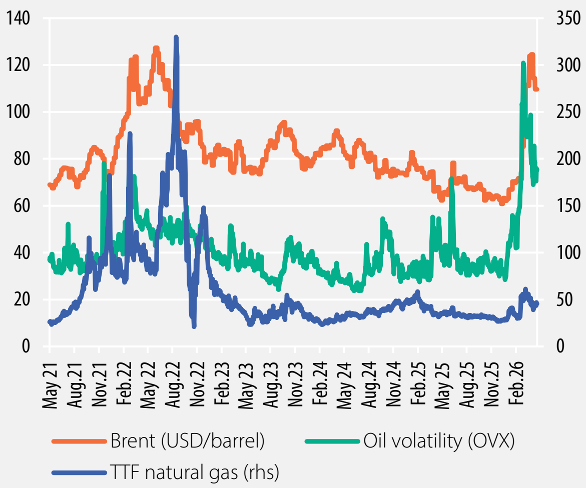
The special feature examines, at first, the key implications for financial markets, and then it looks at the transmission channels to the non-financial corporations sector, particularly via the pressures exerted on energy-intensive firms, as well as on importers and exporters with exposures to the affected region. Overall, the direct effects on the real sector are small, considering the limited exposures. The indirect effects, however, compounded by potential shocks across partner economies and production chains, can be significantly stronger.

Financial markets

Against this background, commodity prices surged (Chart 1). The Brent oil price rose abruptly the first days into the conflict, peaking at almost USD 127 per barrel, before witnessing volatile developments, amid heightened uncertainties associated with

[109] For a broader discussion on the implications of geopolitical risk for financial stability, see for example ECB/ESRB, "Financial stability risks from geoeconomic fragmentation", January 2026.

Chart 1. Oil and natural gas prices and oil price volatility



Source: Refinitiv, FRED

expectations on the conflict, but staying below the maximum level recorded when Russia launched its invasion of Ukraine. Looking at the European natural gas markets, the Dutch TTF benchmark also posted a major increase, relevant in the context of the European dependency on liquefied natural gas imports and of the relatively low inventories, yet the evolution was significantly more modest than that noticed in 2022.

Aside from energy markets, the shock sends ripple effects to a wider range of goods and commodities. In particular, crop fertiliser prices, but also aluminum prices soared since the outbreak of the war. According to the World Bank, in the baseline scenario, the aggregate commodity price index is anticipated to add 16 percent in 2026, primarily due to higher prices for energy, fertilisers and metals, with the energy and fertiliser price indices being forecasted to advance by 24 percent and 31 percent respectively[110]. Food prices are seen going up more moderately, by around 2 percent, reflecting *inter alia* the relatively large global grain stocks and the impacted region's more limited direct role in food trade. Nonetheless, risks to food security remain relevant, especially for emerging and developing economies, which are dependent on imported energy, food and agricultural raw materials, because war-related disruptions can push production and distribution costs up and can limit access to fertilisers, thereby compounding pressures on vulnerable households.

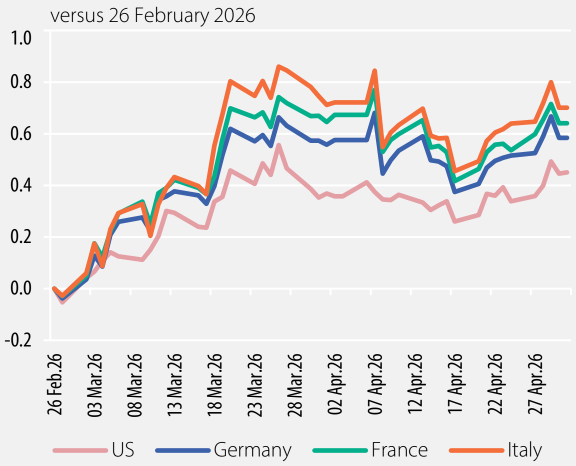
These developments have turned into a global supply-side shock that complicates the monetary policy decision-making worldwide and is likely to slow the previously anticipated disinflationary path. The increase in energy and commodity prices has prompted a rise in inflation expectations globally, particularly over the shorter horizons, and a reassessment by investors of the future path of monetary policy rates of the major central banks, the Fed and the ECB included. Overall, prior to the eruption of the conflict, markets broadly anticipated that the ECB would leave the key rates unchanged until end-2026; afterwards, in mid-May, they came to envisage two increases of 25 basis points each by year-end. Similarly, before the outbreak of the conflict, markets expected the Fed to cut the key rate twice during the year, but then ruled out almost completely any prospect of monetary policy easing over the course of 2026.

These developments entailed relatively abrupt increases in short-term government bond yields, both in advanced economies and in the region (Charts 2 and 3). Moreover, longer-term yields witnessed upward adjustments (Charts 4 and 5), reflecting *inter alia* the higher inflationary risks, the prospects for scaling up

110 World Bank, *Commodity Markets Outlook*, April 2026

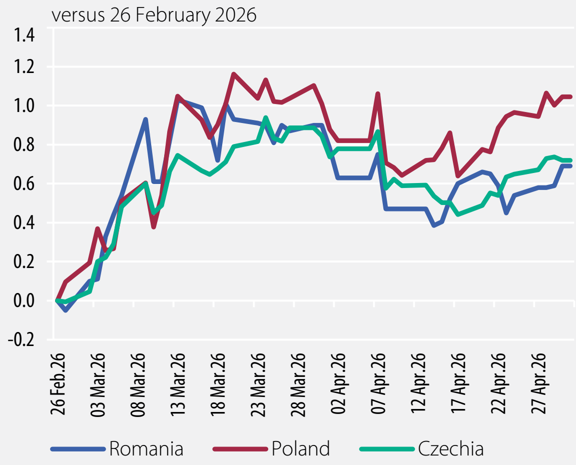
the necessary sovereign bond issues amid potential fiscal support measures and rising defence spending, alongside the repricing of risk premia in economies with more fragile fiscal fundamentals.

Chart 2. Changes in short-term (2Y) sovereign yields in advanced economies (US, Germany, France, Italy)



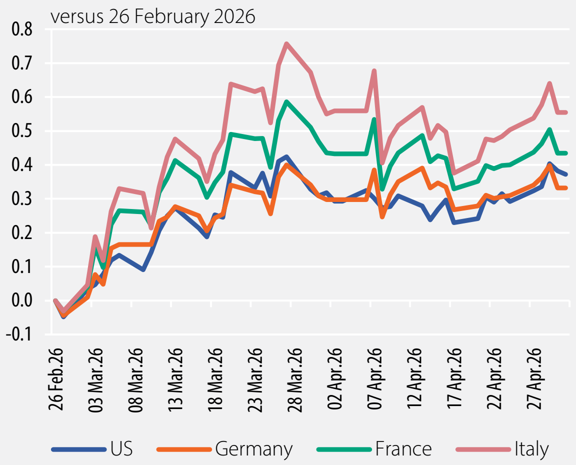
Source: Refinitiv, NBR calculations

Chart 3. Changes in short-term (2Y) sovereign yields in CEE economies



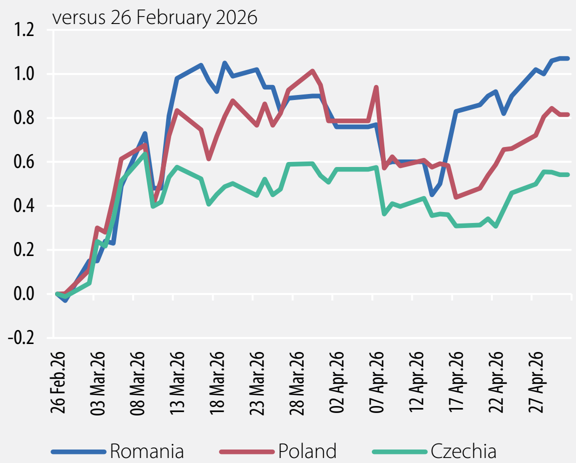
Source: Refinitiv, NBR calculations

Chart 4. Changes in long-term (10Y) sovereign yields in advanced economies



Source: Refinitiv, NBR calculations

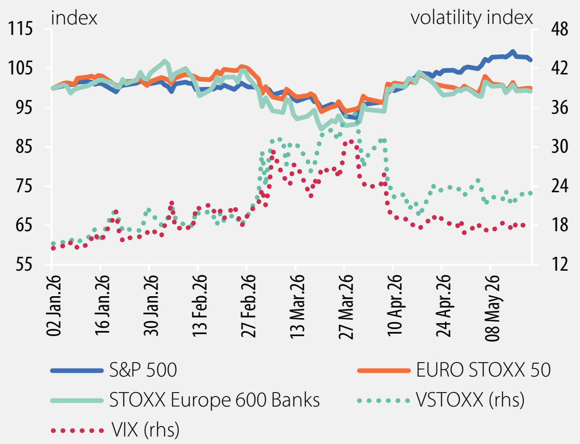
Chart 5. Changes in long-term (10Y) sovereign yields in CEE economies



Source: Refinitiv, NBR calculations

Turning to international equity markets, the outbreak of the war in Iran prompted a worsening of investor risk appetite, contributing to the heightening of volatility and to price corrections, although the impact was heterogenous, given mainly the differences in exposures of economies and sectors to the energy shock (Chart 6). In the US, the S&P 500 index fully recovered the losses seen in the early days of the conflict, standing in mid-May approximately 8 percent above the level recorded at the onset of the war, an evolution underpinned *inter alia* by the performance of tech companies. The European markets witnessed relatively more modest developments, with the STOXX 600 index standing in mid-May 2.5 percent below its reading at the start of the conflict. Similar corrections, albeit of different magnitudes, were recorded in the Asian markets as well, amid the region's sizeable trade and energy dependencies in relation to the Middle East. Bank stocks in Europe were also impacted, mainly due to indirect risks associated with macroeconomic prospects, financing costs, sovereign yields and asset quality, as the direct exposure of European banks to the affected region is limited. In the region, CEE stock markets also posted temporary corrections, but afterwards some markets partly recovered the lost ground (Chart 7). Looking at corporate bond markets in the US and Europe, the spreads initially widened after the start of the conflict, especially in the high-yield segment and to a smaller extent in the investment-grade segment, but then narrowed back to very low levels from a historical perspective.

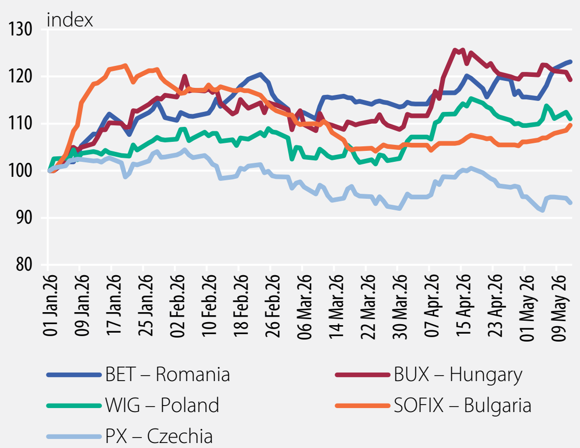
Chart 6. Stock market indices and volatility in the US and Europe



*) index 100 = first observation in the series

Source: Refinitiv, NBR calculations

Chart 7. CEE stock market indices



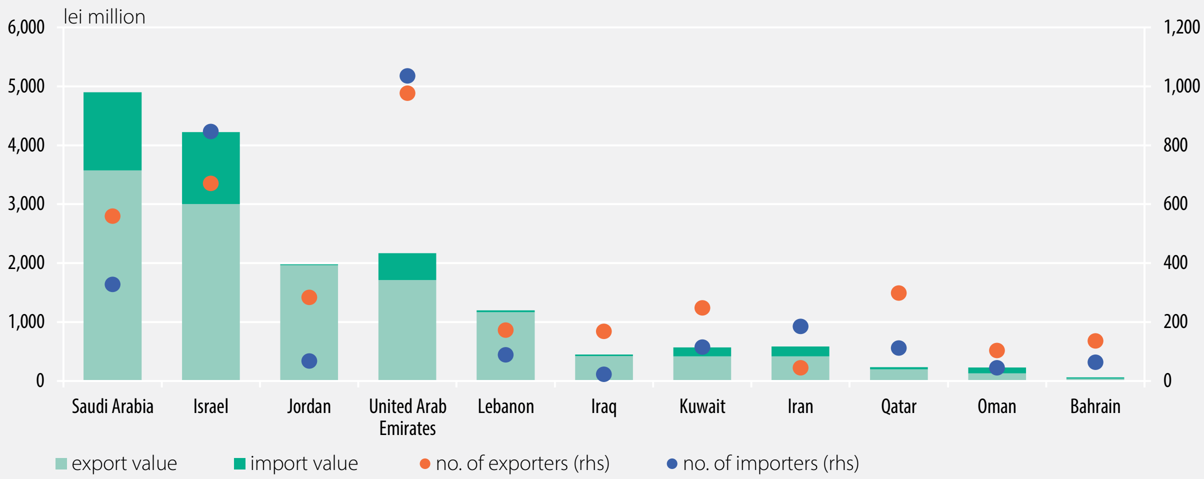
*) index 100 = first observation in the series

Source: Refinitiv, NBR calculations

Direct implications for non-financial corporations

A first direct channel via which the Middle East conflict can have implications for non-financial corporations is that of foreign trade in goods and services, since military actions in the region can trigger major disruptions of trade routes and activities. Firms trading goods with the Middle East countries have a net exporter position in relation to this geographical segment. For the period from September 2024 to September 2025, they recorded total exports worth around lei 13 billion, conducted by 1,455 firms, and imports worth lei 3.6 billion by 1,352 firms. The main export destinations were Saudi Arabia (27 percent), Israel (23 percent) and Jordan (15 percent), Chart 8. In terms of the number of firms, the United Arab Emirates concentrates 27 percent of exporters, accounting for 13 percent of the value of regional exports. As regards imports from the region, Romania purchases goods from Saudi Arabia (37 percent), Israel (34 percent) and the United Arab Emirates (12.8 percent), with the latter two concentrating also a significant number of firms involved in trade with firms in Romania (more than one third of the entities).

Chart 8. Foreign trade in goods with the Middle East countries



Source: NIS, NBR calculations

The analysis of export and import revenue dependency relative to turnover shows different exposure levels for firms[111]. In the case of exporters, 17.3 percent of firms record a moderate dependency of their activity on external markets (a more than 20 percent share of exports in turnover), while 9.2 percent exhibit high dependency (a share of over 50 percent). As for imports, 13.7 percent of firms are moderately dependent on external suppliers, with 6.6 percent being highly dependent.

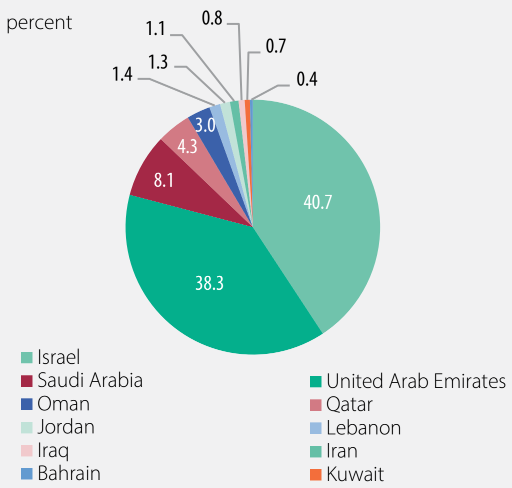
Exports of goods to the Middle East are primarily concentrated on agricultural products, with grains making up a significant share: wheat (16.2 percent), barley (12.4 percent) and maize (4 percent). In turn, imports are much more concentrated, with petroleum oils accounting for 40 percent, whereas the other goods hold less than 2 percent of total imports.

As regards the trade in services with these countries, firms have a net exporter position, exporting services worth lei 2.2 billion and importing in an amount of lei 1.3 billion. Most of the trade in services involves Israel and the United Arab Emirates, with these countries jointly accounting for about 80 percent of volumes, in terms of both exports and imports (Charts 9 and 10). IT services make up roughly 30 percent of exports, ahead of technical services (11.2 percent) and telecommunications services (10.7 percent), while imports include personal travel (23 percent), trade-related services (8.4 percent) and maritime transport of goods (8 percent).

A second direct channel for non-financial corporations refers to ownership. According to National Trade Register Office and Orbis data, there were 8,629 companies active in Romania with shareholders from the Middle East area holding over 50 percent of stocks. More than half of these firms have Israel as the country of origin (Chart 11).

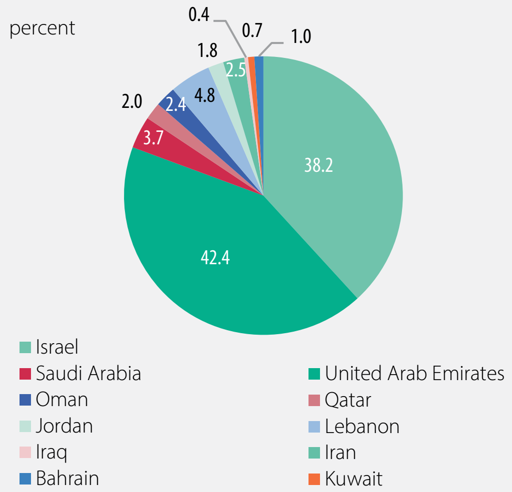
[111] Those for which information on turnover is available or which reported their financial statements to the MF.

Chart 9. Shares of the services export volume to the Middle East



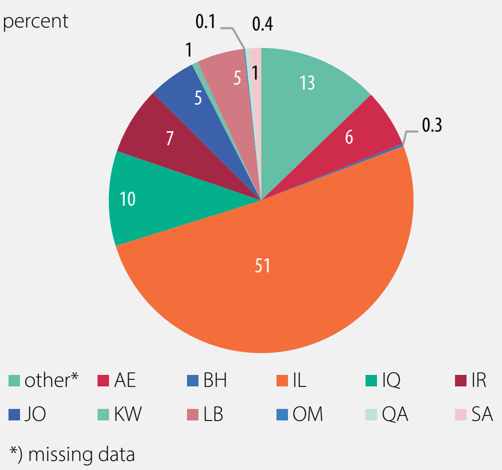
Source: NIS, NBR calculations

Chart 10. Shares of the services import volume from the Middle East



Source: NIS, NBR calculations

Chart 11. Breakdown of the number of firms by owners' country of origin



*) missing data

Source: NTRO, Orbis, NBR calculations

Companies with majority capital from the Middle East have a modest contribution to economic activity. Their contribution remained subdued in the period from 2022 to 2024 (below 1 percent, in terms of both turnover and gross value added), which points to a low potential of risk spillover in the event of any disruptions of financial flows. At the end of 2024, they generated 0.7 percent of the aggregate turnover, accounted for 0.5 percent of total employees of non-financial corporations, and held 1.7 percent of total assets of firms.

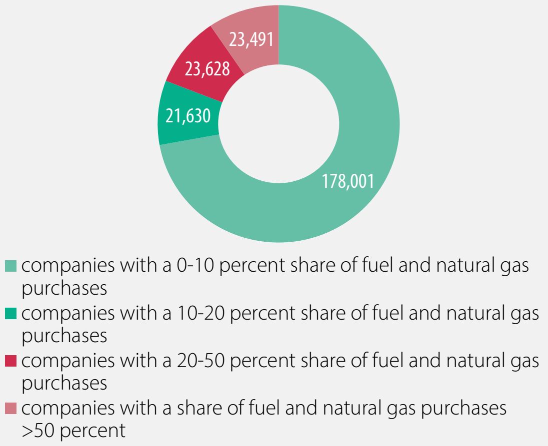
Companies with direct exposure to the Middle East cumulate a long-term external debt of around lei 6.5 billion, representing 20 percent of the total for non-financial corporations. Creditors come from Jordan (15 percent), Switzerland (13 percent), Germany and the Netherlands (12 percent each).

Indirect implications for non-financial corporations

An indirect channel of implications from global tensions consists in their effect on commodity markets, which led to higher prices for fuels and natural gas, i.e. resources that play a key role in non-financial corporations' cost composition.

The companies vulnerable to fuel and natural gas prices were identified based on data from Form 394, comprising the business-to-business (B2B) transactions between companies operating in Romania, and from the latest available annual financial statements, both pertaining to 2024. Using the information in Form 394, the B2B purchases of fuels and natural gas[112] were extracted, and then their share in operating expenses on materials[113] was calculated. Vulnerable companies were considered those recording a value above 10 percent for this share and not operating in the sectors from which the energy products were purchased.

Chart 12. Breakdown of the number of companies that made B2B purchases of fuels and natural gas



Source: MF, National Agency for Fiscal Administration, NBR calculations

Chart 13. Relevance of vulnerable firms for the economy

Source: NTRO, MF, NBR calculations

Of the companies that carried out B2B purchases of fuels and natural gas (246 thousand, i.e. 30 percent of active companies in 2024), the majority (178 thousand) reported a share of fuel and natural gas purchases of below 10 percent of total operating expenses on materials (Chart 12). Therefore, 68.7 thousand companies were identified as vulnerable to fuel and natural gas prices (hereinafter referred to as "vulnerable companies/firms"), accounting for 8 percent of the number of active firms in 2024.

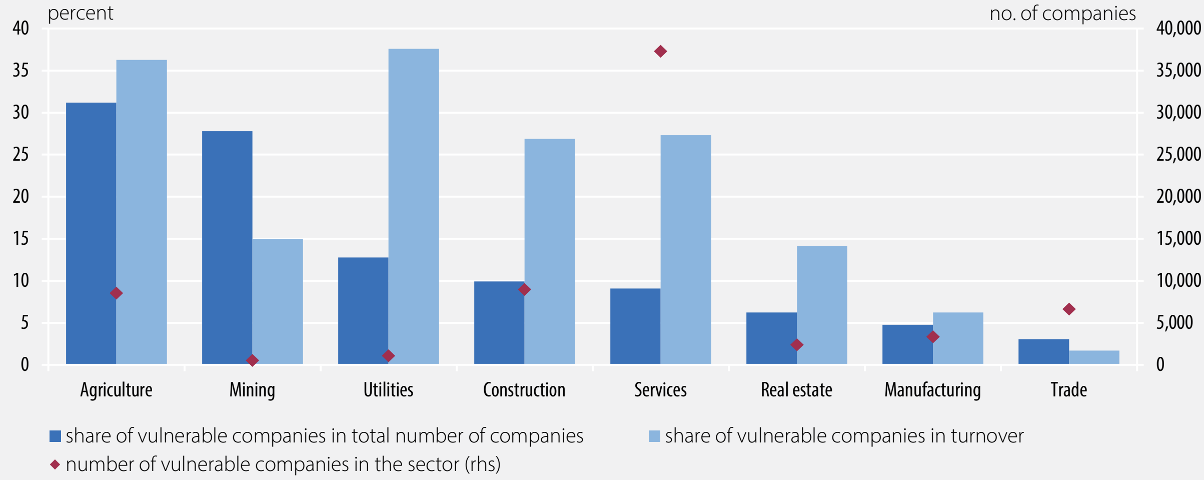
Vulnerable companies are relevant for Romania's economy, in terms of both the economic dimension they cover – measured by turnover, assets and employees – and the sectors they operate in. During 2024, these companies generated a turnover of lei 339.2 billion, making up 13 percent of turnover at aggregate level, while holding 21 percent of non-financial corporations' total assets and hiring 19 percent of firms' total number of employees (Chart 13).

Most of the vulnerable companies (65.2 thousand, 95 percent of total) have domestic private capital, while companies with foreign capital and state-owned firms account for 4.5 percent and 0.5 percent of total respectively. The breakdown by turnover is more balanced, as firms with domestic private capital generated 61.2 percent of the total turnover of vulnerable companies, while firms with foreign capital and state-owned ones accounted for 27.2 percent and 11.5 percent respectively.

[112] The purchases of fuels and natural gas considered were those made from firms operating under the following NACE codes: 0610 – Extraction of crude petroleum, 0620 – Extraction of natural gas, 3521 – Manufacture of gas, 3522 – Distribution of gaseous fuels through mains, 3530 – Steam and air conditioning supply, 4612 – Agents involved in the sale of fuels, ores, metals and industrial chemicals, 4671 – Wholesale of solid, liquid and gaseous fuels and related products, 4730 – Retail sale of automotive fuel in specialised stores, 5229 – Other transportation support activities.

[113] Defined as the sum of expenditures on raw materials, consumables, utilities, goods purchased for resale, and other expenses on materials in the companies' profit and loss account.

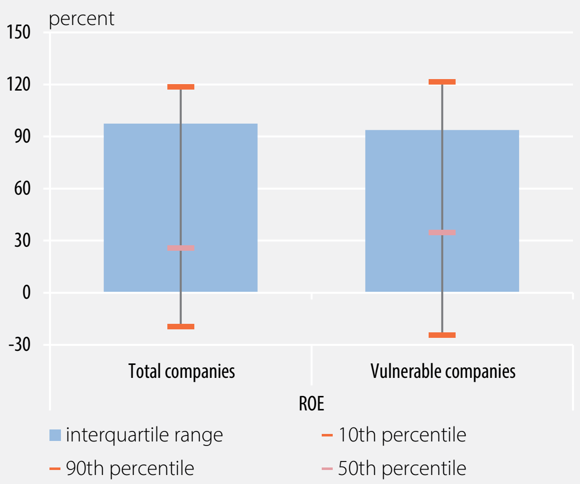
Chart 14. Breakdown of the number of vulnerable companies by sector



Source: MF, NBR calculations

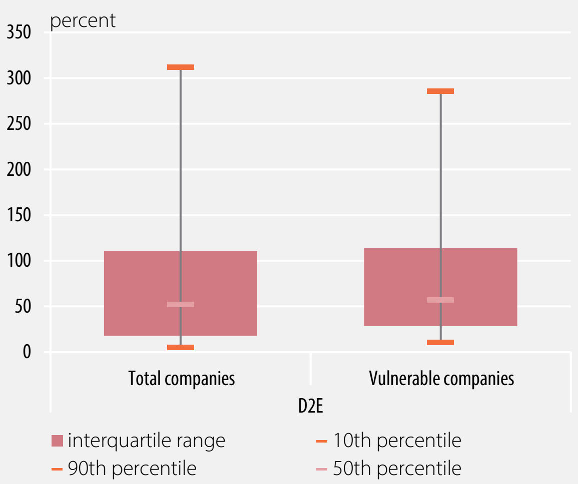
From a sectoral perspective, most of the vulnerable companies are in the services sector (55 percent of total), followed by construction (13 percent of total) and agriculture (12.4 percent). As for the relevance within the sector, the largest shares in terms of the number of firms are in agriculture, where vulnerable companies account for 31.2 percent of the firms operating in the sector, mining (28 percent) and utilities (13 percent). By turnover, these companies held the most important shares in utilities (37.6 percent), agriculture (36.3 percent) and services (27.3 percent), Chart 14.

Chart 15. ROE distribution, December 2024



Source: MF, NBR calculations

Chart 16. Distribution of the debt-to-equity ratio, December 2024



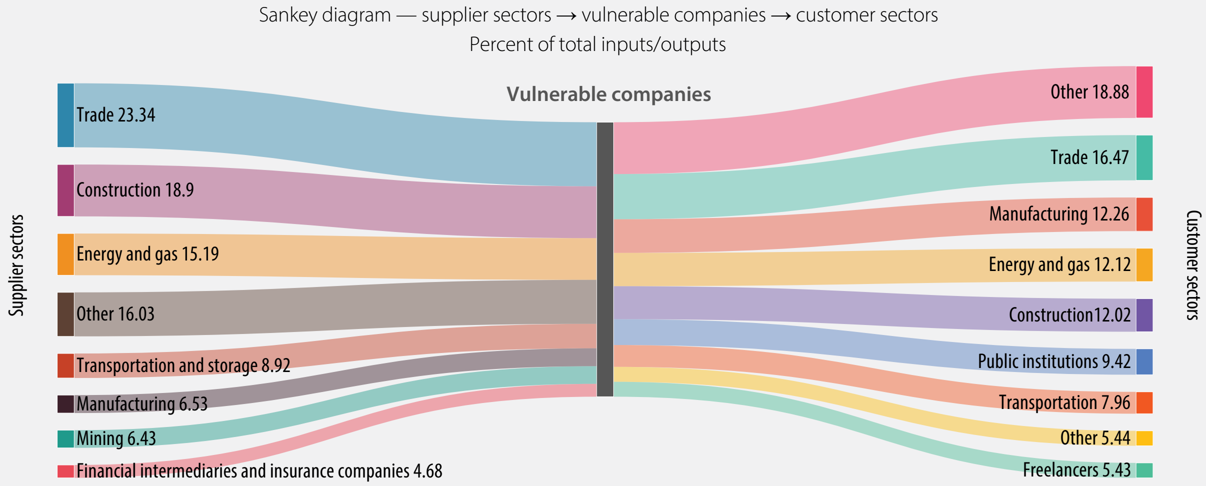
Source: MF, NBR calculations

In terms of financial indicators, vulnerable companies record relatively close levels to those for non-financial corporations overall, which indicates that these firms are well positioned in the economy as a whole, without exhibiting any obvious financial issues that might worsen in the context of an external shock. The return on equity (ROE) is, at a median level, 9 percentage points higher among vulnerable companies (Chart 15). At the same time, the oil and gas companies reported a higher level of indebtedness, with a median debt-to-equity ratio of 70 percent, i.e. 18 percentage points above the median indebtedness level economy-wide (Chart 16).

The trade ties of indirectly exposed companies through their fuel- and gas-intensive economic activity are another transmission channel for potential unfavourable developments at firms' level.

Along the customer chain, there is a more balanced distribution of deliveries by business sector and a relatively moderate total share associated with these companies, which would be a strength in terms of diversifying the absorption of potential shocks. Specifically, during 2024, the indirectly exposed companies through fuel- and gas-intensive activity were involved in more than 173 million transactions along the customer chain (out of a total of 615.2 million reported transactions), with deliveries worth lei 296.3 billion (accounting for 15 percent of total deliveries of goods and services at national level). The most important customer sectors for these companies are: (i) trade (16.5 percent of deliveries), (ii) manufacturing (12.3 percent) and (iii) energy and gas (12.1 percent), Chart 17.

Chart 17. Main sectors of vulnerable companies' suppliers and customers (2024)



Source: National Agency for Fiscal Administration, NBR calculations

Upstream, along the supplier chain, vulnerable firms make up an important link, the share in total being however similar to that recorded for deliveries. During 2024, these firms purchased, via 12.1 million transactions (of a total of 90.6 million reported transactions), goods and services worth lei 248.2 billion (accounting for 15.1 percent of total purchases of goods and services at national level). The most important supplier sectors are: (i) trade (23.2 percent of total purchases come from this business sector), (ii) construction (18.9 percent), (iii) energy and gas (15.2 percent), (iv) transportation and storage (8.9 percent) and (v) manufacturing (6.5 percent), Chart 17.

Direct implications for the banking sector

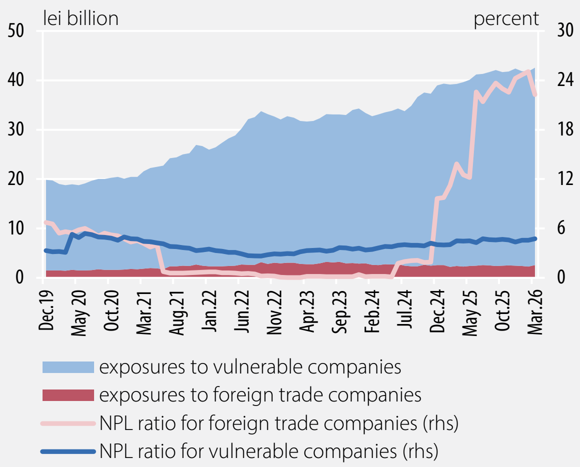
The Romanian banking sector is not directly exposed to risks associated with the Middle East conflict, since the composition of ownership does not indicate any banks with majority or significant shareholders from the Middle East.

Moreover, the assets and liabilities of banks in Romania in relation to counterparties from countries in the region affected by the conflict stayed low over the last five years, without entailing major implications from this perspective. The exposures of credit institutions in Romania are small as regards counterparties located in Middle East countries, with loans and advances amounting to lei 309 million (December 2025) and making up 0.04 percent of total assets. Deposits from counterparties located in this area are worth approximately lei 833 million (December 2025), accounting for 0.11 percent of total debt.

Indirect implications for the banking sector

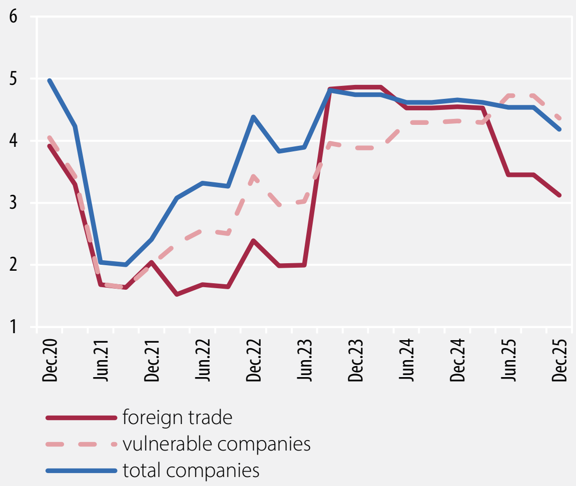
The banking sector is indirectly exposed to the risks stemming from global tensions, via corporate portfolio exposures to companies whose activity can be impacted by this geopolitical context, namely vulnerable companies and firms carrying out foreign trade activities with Middle East countries. This indirect risk, which may occur in the domestic economy and can materialise as credit risk, is one of the main channels whereby the banking sector can be affected by the Middle East conflict.

Chart 18. Stock of loans to companies exposed to the Middle East conflict and the NPL ratio



Source: MF, NBR calculations

Chart 19. Probability of default by company type



Source: MF, NBR calculations

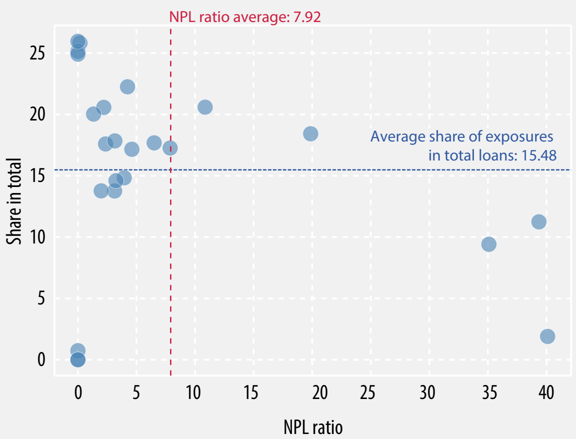
Vulnerable companies are relevant for the banking system in Romania. Bank exposures to these firms stood at lei 40 billion in March 2026 (Chart 18), holding 18 percent of banks' overall corporate portfolio, with the credit stock adding 8 percent in annual terms. Even though these companies' financial standing does not point to significant financial vulnerabilities, the protraction of the conflict and hence the emergence of certain risks following global market instability might lead to a negative impact on banks' balance sheet as well.

The portfolio of loans to vulnerable companies maintains better quality than at aggregate level. The NPL ratio for these exposures came in at 4.7 percent, i.e. 0.9 percentage points below the value for non-financial corporations overall. Starting with the second part of 2023, the NPL ratio for vulnerable companies followed a slightly upward trend, which was also noticed at aggregate level as of the latter half of 2024.

Another potential impact on the bank portfolio relates to companies involved in foreign trade with Middle East countries and whose import/export volume exceeds 10 percent of their 2024 turnover. The stock of loans to these companies amounts to lei 2.6 billion (March 2026), yet stands out through a high level of non-performance. The NPL ratio reached 22.3 percent, but a very small number of firms account for the large majority of non-performing exposures (Chart 19).

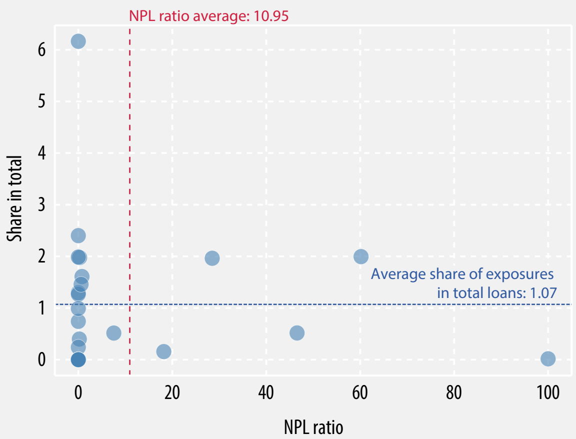
The deterioration in the quality of the portfolio of loans to companies with significant import/export activities in relation to Middle East countries was also visible when looking at the forecasted annual rate of default. Specifically, according to the baseline macroeconomic scenario, end-2023 estimates indicated a higher risk of default for this segment of companies, with the probability of default adding 2.8 percentage points in September 2023, more than doubling compared to the previous quarter (Chart 19). Afterwards, estimates pointed to a moderation in this segment, as the end-2025 probability of default stood below that for non-financial corporations overall (3.1 percent against 4.2 percent at aggregate level). In the case of vulnerable firms, the probability of default stabilised around 4.4 percent starting with the second half of 2024, with slight variations in June and September 2025.

Chart 20. Bank-level distribution of vulnerable companies' relevance in the portfolio and their NPL ratio, March 2026



Source: MF, NBR calculations

Chart 21. Bank-level distribution of the relevance in the portfolio of companies involved in foreign trade in the Middle East and their NPL ratio, March 2026



Source: MF, NBR calculations

From an individual perspective, the quality of the loan portfolio in relation to the segment of vulnerable companies and to that of firms carrying out significant import/export activities with the Middle East differs from one bank to another.

There are high NPL ratios in the banking sector that seem to be concentrated around the corporate portfolios of certain banks (Chart 20 and Chart 21), for which the relevance at the level of the overall portfolio is however low, as the share is below the average in most cases. Moreover, in general, for the banks where lending to these companies makes up an important portfolio component, the NPL ratio stands below the average. Especially in the case of import/export companies in relation to the Middle East, the concentration of the NPL ratio among certain banks is due also to the small number of companies that generate a high volume of non-performing exposures.

Abbreviations

AI	artificial intelligence
CCR	Central Credit Register
CCyB	countercyclical capital buffer
CEE	Central and Eastern Europe
DSTI	debt service to income
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ESA	European System of Accounts
ESRB	European Systemic Risk Board
EU	European Union
Eurostat	Statistical Office of the European Union
FDI	Foreign direct investment
FSA	Financial Supervisory Authority
GDP	Gross domestic product
GVA	Gross value added
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRCC	benchmark index for loans to consumers
LTV	loan to value
MF	Ministry of Finance
NBFIs	Non-bank financial institutions
NBR	National Bank of Romania
NCMO	National Committee for Macroprudential Oversight
NIS	National Institute of Statistics
NPL	Non-performing loans
NTRO	National Trade Register Office
OECD	Organisation for Economic Co-operation and Development
O-SII	Other Systemically Important Institutions
PD	probability of default
ReGIS	Romanian electronic Gross Interbank Settlement
ROA	Return on assets
ROBOR	Romanian Bid Offered Interest Rate
ROE	Return on equity
SaFIR	Government securities depository and settlement system
SENT	Electronic Net Settlement System
SMEs	Small- and medium-sized enterprises
VAT	Value added tax

Tables

Charts

Box 1

Box 2